

BY THE COMPTROLLER GENERAL

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Report To The Congress

OF THE UNITED STATES

Illegal Aliens: Estimating Their Impact On The United States

While the number of immigrants legally admitted to the United States has remained fairly constant, the estimated number of people entering illegally has been increasing.

There are conflicting points of view as to the illegal alien's role in the United States. This report addresses the issues relating to the impact of illegal aliens and develops a framework for analyzing these issues. Further, the "Alien Adjustment and Employment Act of 1977" is discussed.



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To the President of the Senate and the
Speaker of the House of Representatives

This report discusses the issues relating to the effects of illegal aliens in the United States. In addition, it lays out a framework for estimating these effects, with and without the granting of amnesty.

Copies of the report are being sent to the Attorney General, the Secretary of State, and the Director of the Office of Management and Budget.


Comptroller General
of the United States

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D I G E S T

The number of persons entering the United States illegally is estimated to have increased rapidly in recent years, but there is little data with which to assess their impact on American society and economy.

The President proposed changes to immigration laws. As a result, the "Alien Adjustment and Employment Act of 1977" (H.R. 9531 and S. 2252) was introduced in the Congress. Its primary purpose was to adjust the status of some of these aliens to permanent and temporary residency, and to provide for legal remedies if employers knowingly hire illegal aliens. This legislation has not been enacted. (See ch. 1.)

STATUS OF ILLEGAL ALIENS

Some researchers argue that illegal aliens augment the labor force by taking low-status, low-paying jobs rejected by legal residents who prefer instead to receive unemployment compensation and social service benefits. Others argue that undocumented workers contribute to unemployment and low wages because their willingness to work for less prevents legal residents from filling unskilled positions, thereby depressing existing wage scales. (See ch. 2.)

MEXICO: A MAJOR SOURCE COUNTRY

The largest number of illegal aliens is estimated to come from Mexico. That country's high population growth has created a serious internal employment problem. Mexico reportedly opposes tighter U.S. border enforcement and views the United States as a "safety valve" where many can find employment.

The development of Mexico's nationally owned petroleum industry may eventually help Mexico overcome its employment

problems; however, only a limited number of jobs are expected to be created in the near future. (See ch. 3.)

ENFORCEMENT EFFORTS

In 1977, there were over 1 million illegal aliens located by the Immigration and Naturalization Service. The Service's ability to enforce immigration laws has been restricted by court rulings and pressures from interest groups. In 1973, for instance, the Supreme Court ruled that vehicle searches away from the border without a warrant and without probable cause or consent, violate the fourth amendment of the Constitution. A 1975 Federal court ruling held that Service agents must have a "reasonable belief" that a person is an illegal alien before questioning. And, in 1978, a Federal court ruled that search warrants permitting entry on an employer's premises did not authorize investigators to arrest or detain illegal aliens found at a place of employment. (See ch. 4.)

EMPLOYER SANCTIONS LEGISLATION

Some States have enacted employer sanctions legislation, though enforcement has been virtually nonexistent. The central theme of these sanctions is that "no employer shall knowingly employ an alien who is not entitled to lawful residence in the United States."

The problem of enforcing these laws hinges on defining when an employer "knowingly" employs an illegal alien and then gathering sufficient evidence to effectively prosecute the accused employer. (See ch. 4.)

GAO MODEL ESTIMATES OF IMPACT

While there is little organized data about illegal aliens, Government agencies and academic researchers have gathered some information on various aspects of the issue. Using assumptions based on these data and a mathematical model, GAO estimated the possible impact of the illegal alien population.

Based on an estimated 6 million illegal alien population in 1976, GAO calculated and estimated that:

- Government revenues exceeded expenditures (if possible unemployment and displacement of U.S. workers are not included);
- a substantial amount of U.S. currency may have been exported to foreign countries; and
- the impact of illegal aliens varied by regions.

The model is not meant to provide absolute figures, but to predict ranges of estimates and to begin a dialogue concerning some effects the illegal aliens may have on the United States. (See ch. 5.)

AMNESTY VERSUS CURRENT POLICY

By making a few additional assumptions, GAO projected the estimated impact of illegal aliens to 1991 given two different policy options: no change in current policy and the granting of amnesty (as proposed in the "Alien Adjustment and Employment Act of 1977").

Projections based on GAO's assumptions relating to a no-change policy showed that the total number of illegal aliens may increase significantly by 1991. If this happens, taxes received should exceed costs for Government services (not considering possible unemployment of legal workers) and the amount of currency exported should be sizable.

GAO assumed that amnesty, if granted, would take place in 1981, with 765,000 aliens qualifying for permanent resident status and 5 million qualifying for temporary resident status. Many of these residents would bring their families into the United States, thus doubling the size of this population by 1991. The rate of growth of the deportable alien group was varied assuming three conditions:

- employer sanctions legislation and Immigration and Naturalization Service enforcement would be effective,
- there would be no change from the status quo, and
- the granting of amnesty would increase illegal migration.

Under all of these alternatives, the total population (permanent, temporary, plus deportable) is estimated to be larger than maintaining the status quo and Government expenditures are estimated to exceed generated revenues. Currency export may increase or decrease from the status quo, depending on the projected number of deportable aliens. (See ch. 6.)

ARGUMENTS FOR AND AGAINST AMNESTY

Supporters of the proposed "Alien Adjustment and Employment Act of 1977" have pointed out that granting amnesty is an alternative to mass deportation, which is considered inhumane and impractical. The adjusted legal status of illegal migrants would raise wages and working conditions, benefiting both aliens and U.S. residents. They further argue that the simultaneous imposition of employer sanctions would deter illegal aliens from entering the country.

Opponents, on the other hand, argue that amnesty condones past lawbreaking and encourages others to migrate illegally with expectations of being granted permanent or temporary status. Deportation of these workers would also "free" the job market for legal workers. In addition, employer sanctions could lead to discrimination against "foreign-looking" persons due to employers' fears of hiring illegal aliens. (See ch. 7.)

SELECT COMMISSION ESTABLISHED

A Select Commission on Immigration and Refugee Policy, created in 1978, is to

report to the President and the Congress on the existing situation and make recommendations. The issue of illegal aliens is expected to be of major concern.

RECOMMENDATION TO THE CONGRESS

One responsibility of the Comptroller General is to strengthen program evaluation by developing and recommending to the Congress methods for review and evaluation of Government programs. In line with this responsibility, GAO recommends that the Congress encourage use of an analytical framework similar to the one discussed in this report to evaluate the impact of alternative proposals regarding illegal aliens. (See ch. 8.)

AGENCY COMMENTS

This report has been reviewed by the Departments of Justice and State. Justice feels that the validity of the data available on illegal migration is questionable, and did not concur with the suggestion that the analytical framework be used to assess immigration policy options. GAO, while recognizing the limitations of the data, believes that the framework should be used for organizing existing data and identifying research needs. While the model does not provide solutions, it can provide insights concerning the possible impact of future policy alternatives. The Department of State had no comments. (See apps. II and III.)



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ABBREVIATIONS

GAO	General Accounting Office
INS	Immigration and Naturalization Service

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CHAPTER 1

INTRODUCTION AND ISSUE DEFINITION

The number of illegal aliens in the United States is unknown, though most current estimates range between 3 million and 6 million. Some have entered without documentation, while others have entered with legal visas but have overstayed or violated the terms of their visas. Though an average of 400,000 legal aliens are admitted annually under the Immigration and Nationality Act, the Immigration and Naturalization Service (INS), Department of Justice, in fiscal year 1976 located over 875,000 illegal aliens. In 1977 about 1,042,000 illegal aliens were located by INS officials. It has been estimated that considerably more illegal aliens enter and remain than are located and deported.

WHAT ARE THE MAJOR ISSUES?

Viewpoints conflict on the illegal alien's role in the American labor force. Some suggest that illegal aliens contribute to the economy and augment the labor force. Others believe they contribute to high expenditures for social services and displace legal workers from jobs. A multitude of issues needs to be addressed to resolve the questions surrounding illegal aliens and to enact legislation affecting their status.

Some of the issues addressed in this report are as follows:

- What are the characteristics of illegal aliens? To what extent are they using federally funded social services? Are they taking jobs away from legal workers, or are they taking employment that would be unacceptable to the legal work force? (See ch. 2.) What considerations need to be examined in dealing with the flow of illegal aliens, especially from Mexico? Do we need future increases in immigration to offset possible U.S. labor shortages due to the declining U.S. birth rate? (See ch. 3.)
- Are there particular constraints hindering INS enforcement efforts? Have States enacted employer sanctions legislation? And if so, what have their experiences been? (See ch. 4.) What information currently exists about illegal aliens and their potential impact? (See ch. 5.)

--How will they be affected by such legislation as President Carter's amnesty proposal versus no change in policy? (See ch. 6.) What are the major arguments for and against the President's proposal? (See ch. 7.)

SCOPE OF ANALYSIS

We reviewed current research and literature, collected data and statistics, talked with INS staff and researchers, accompanied INS personnel on surveys in New York City and various locations in California and on surveillance at Kennedy Airport, observed illegal border crossings in California and Texas, and interviewed businessmen about employing illegal aliens.

From these sources, we developed a framework for analyzing the social and economic impact of illegal aliens. This framework considered such factors relating to illegal aliens as:

- countries of origin,
- locations within the United States, and
- occupations and wage rates.

Using assumptions based on the illegal alien population data, we then developed a computer model which yielded rough projections of various cost impacts over time. We estimated

- the cost of Government services,
- tax revenues generated from employed illegal aliens,
- the amount of currency exported to foreign countries, and
- job displacement.

The base year used for these projections was 1976. The impact was forecast through 1991, applying alternative scenarios, including the effect of implementing President Carter's amnesty proposal.

Like other policy-assisting models, the accuracy and reliability of such a model depend mainly on the reliability of the inputs. Our inputs are based on currently available data, much of which is scanty and not highly accurate. The framework was developed so that a dialog can begin as to what

issues may be pertinent in studying the impact of illegal aliens and so that future research can be aimed at improving the model and its inputs and assumptions. The actual numbers estimated and projected in this study cannot be interpreted in absolute terms but as trends of what may happen under different policies.

WHAT LAWS GOVERN U.S. IMMIGRATION POLICY?

Immigration was unrestricted until the late 1800s, when certain groups judged undesirable, such as convicts, prostitutes, and mental and physical incompetents, were excluded. In 1921 the Congress enacted the first Quota Act, which numerically limited immigration to no more than 3 percent of the foreign born of each nationality living in the United States in 1910. The quotas for northern and western Europe were the highest because these groups had the largest numbers then living in this country; no quotas were established for North and South America. The Immigration Act of 1924 further adjusted the quota and moved the base year to 1920.

Today, immigration is governed by the Immigration and Nationality Act of 1952 as amended. The controversial country-of-origin quota system has been replaced by numerical hemispheric ceilings, and Western Hemisphere immigration laws were added in 1965. About 400,000 aliens are legally admitted for permanent residence every year, under a combined worldwide ceiling of 290,000 plus exemptions. Preference for admission is based on reunifying families and accepting persons with needed employment skills. 1/ Exempt from the current numerical ceilings are spouses and minor unmarried children and the parents of U.S. citizens over 21 years of age.

PROPOSED CHANGES TO IMMIGRATION POLICY: THE ALIEN ADJUSTMENT AND EMPLOYMENT ACT OF 1977

President Carter's August 4, 1977, message to the Congress reflected his concern regarding illegal aliens. He concluded that "an adjustment of status is necessary to

1/This would include both professional and skilled or unskilled workers. Professionals are those with exceptional ability in the arts and sciences whose services are sought by U.S. employers. Also preferred are skilled and unskilled people who fill labor needs in short supply.

avoid having a permanent 'underclass' of millions of persons who have not been and cannot practicably be deported," and who would otherwise live in continuous fear of being apprehended. His amnesty proposal, introduced in the House as H.R. 9531 and in the Senate as S. 2252, provided that:

1. Permanent resident alien status would be granted to all undocumented aliens who have resided continuously in the United States from before January 1, 1970, to the present.
2. All undocumented aliens, including those (other than exchange and student visitors) with expired visas, who were residing in the United States continuously since January 1, 1977, to the present would be eligible for temporary resident alien status for 5 years.
3. For those undocumented aliens who entered the United States after January 1, 1977, there would be no adjustment of status.
4. Persons who would be eligible for an adjustment of status under these proposals must not be ineligible under other provisions of the immigration laws.

Along with the amnesty proposal, the President called for the following actions to reduce the flow of undocumented aliens:

"Make unlawful the hiring of undocumented aliens, with enforcement by the Justice Department against those employers who engage in a 'pattern or practice' of such hiring. Penalties would be civil--injunctions and fines of \$1,000 per undocumented alien hired. Criminal penalties could be imposed by the courts against employers violating injunctions.

"Increase significantly the enforcement of the Fair Labor Standards Act and the Federal Farm Labor Contractor Registration Act, targeted to areas where heavy undocumented alien hirings occur.

"Substantially increase resources available to control the Southern Border, and other entry points, in order to prevent illegal immigration.

"Promote continued cooperation with the governments which are major sources of undocumented aliens, in an effort to improve their economies and their controls over alien smuggling rings."

There are some questions raised about President Carter's proposal. For example:

- Persons who would be granted permanent residency status would be able to bring in relatives. Would the additional people increase the burden on the U.S. economy? Would people go on welfare in larger numbers? What would the ramifications be?
- The largest group of illegal aliens presently in the country would probably fall in the category of "temporary resident aliens." Would these people register for temporary status, since they could be deported after 5 years?
- If a large group were granted temporary residency status, would not this group (which is larger than the group granted permanent residency and more difficult to deport) be even more likely to be granted permanent amnesty after 5 years? And, if so, what would the long-term ramifications be?
- How could employer sanctions be enforced? Would a national identity card be needed? Would the proof of hiring illegal aliens "knowingly" be the main concern of the employer or the Government? If small businesses gained the greatest benefits from hiring illegal aliens, should legislation be imposed on small businesses (such as those hiring 25 or fewer employees)?
- Would citizens and legal immigrants who appeared "foreign" have difficulties proving their legal status to employers and experience job discrimination?

SELECT COMMISSION

A Select Commission on Immigration and Refugee Policy was created in 1978 by Public Law 95-412. The Commission is to report to the President and the Congress on existing laws, policies, and procedures governing the admission of immigrants and refugees to the United States and to make administrative and legislative recommendations. The issue of illegal aliens is expected to be of major concern.

OVERVIEW OF THE REPORT

Chapter 2 synthesizes information from various sources regarding several aspects of the illegal alien issue. Chapter 3 examines conditions in Mexico that contribute to illegal migration. Chapter 4 discusses factors hindering INS enforcement efforts and State-enacted employer sanctions legislation.

Chapters 5 and 6 present a Markov model we used to estimate some aspects of the impact of illegal aliens on the United States. The possible impact of the illegal alien population already in the United States is discussed in chapter 5; the projected forecasts through 1991, with and without amnesty, are presented in chapter 6.

The "Alien Adjustment and Employment Act of 1977" is discussed in chapter 7, along with some of the major arguments for and against its various provisions.

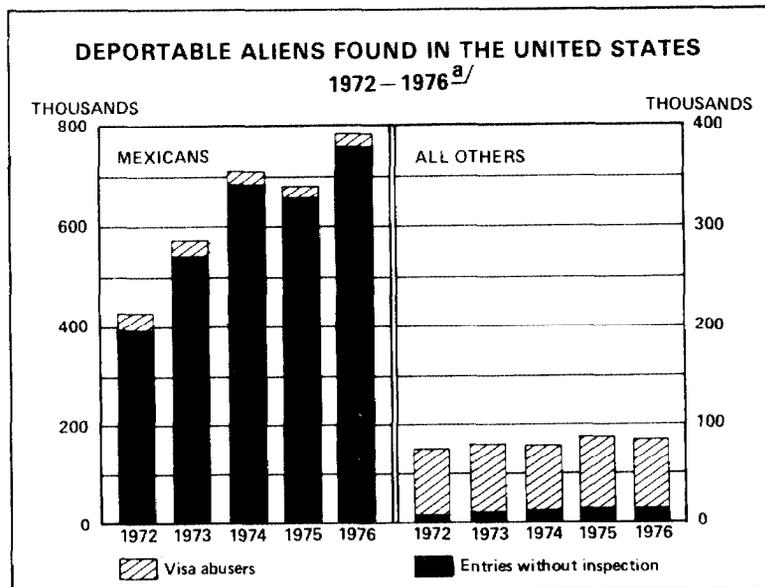
The appendixes contain a full explanation of the model, comments from the Departments of Justice and State, and a selected bibliography of the reference sources used to develop this report.

CHAPTER 2

IMPACT OF ILLEGAL ALIENS ON THE UNITED STATES

The number of people who came here illegally in this decade is believed to have increased dramatically. The estimated number of illegal aliens in the United States at any one time ranges from 1 million to 12 million. Currently, it is estimated that between 3 million and 6 million illegal aliens live in this country. About 88 percent of those apprehended by INS are "entries without inspection" (EWIs); the remaining 12 percent are "visa abusers" (VAs). Based on apprehension data, illegal aliens from Mexico are the primary source of EWIs. (See figure 1.)

Figure 1



^{a/} Immigration and Naturalization Service, 1976 Annual Report, p. 14. [59].

Table 1 demonstrates that the number of located deportable aliens has been increasing steadily except for 1975.

Table 1

Deportable Aliens Located
Fiscal Years 1966-76 a/

<u>Year</u>	<u>Total</u>	<u>Change from previous year</u>	
		<u>Absolute</u>	<u>Percent</u>
1966	138,520	--	--
1967	161,608	23,088	17
1968	212,057	50,449	31
1969	283,557	71,500	34
1970	345,353	61,796	22
1971	420,126	74,773	22
1972	505,949	85,823	20
1973	655,968	150,019	30
1974	788,145	132,177	20
1975	766,600	-21,545	-3
1976	875,915	109,315	14

a/Some apprehended aliens are repeat offenders.

Based on apprehension data, we can conclude that illegal aliens originate mainly from the following countries: Mexico, the Dominican Republic, Canada, China, Italy, the United Kingdom, the Philippines, Greece, the British West Indies, and Belize. More than half the Mexican illegal entrants come from Jalisco, Chihuahua, Michoacan, Zacatecas, Guanajuato, and Coahuila. The composite picture of the source countries is one of depressed economic conditions (underemployment and unemployment) and very high population growth.

The remainder of this chapter is a synthesis of information from literature relating to illegal aliens. It should be noted that the studies dealt with different subsets of this population, and therefore may not be representative of all illegal aliens.

PROFILE OF ILLEGAL ALIENS

Because of the clandestine nature of this population, attempts to profile illegal aliens are severely handicapped. Given such constraints, most studies show that illegal aliens generally are male, young (average age is less than 30), single (or married men with spouses and children living

outside the United States), and support, on the average, 4.6 dependents in their countries of origin. They are unskilled, poorly educated (average 6.7 years of education), and speak little or no English.

While in the United States, illegal aliens are highly mobile and often return to their countries of origin. Studies have shown that Mexican illegal aliens return home on the average of 4.5 times during a 5-year period; Western and Eastern Hemisphere illegal aliens return to their countries of origin on an average of 1.4 and 1.8 times during a 5-year period, respectively. Most are likely to live with or near other illegal or legal aliens from their countries of origin while residing here.

While most illegal aliens are employed, it is unknown to what degree they are exploited, if at all, as a labor class. Some studies have concluded that they are paid less than the minimum wage and do not receive other rights under the Fair Labor Standards Act. For example, one study's findings suggest that illegal aliens employed near the Mexican border are more likely to receive "illegal" wages than those employed elsewhere in the United States. ^{1/} Other research indicates that a quarter to a third of the Mexican illegal aliens receive less than the minimum wage.

WHY DO ILLEGAL ALIENS COME TO THE UNITED STATES?

One theory, which offers socioeconomic and demographic reasons for illegal migration, particularly from Mexico, is that "push" and "pull" factors exist in both the source countries and the United States. In countries such as Mexico, push factors are characterized by high unemployment, low wages, poor living conditions, rapid population growth, rapid technological changes, and a highly skewed income distribution. These factors combine to "push" workers out of their countries and into the United States where "pull" factors exist--better jobs, higher wages, improved working conditions, and a higher standard of living. It is debated which of the two factors is the stronger influence on the decision to migrate.

^{1/}David North and Marion Houstoun [31], The Characteristics and Role of Illegal Aliens in the U.S. Labor Market: An Exploratory Study, March 1976, p. 130.

Some studies focusing on Mexican illegal aliens and the U.S. agricultural industry found that push factors exerted a stronger force than pull factors. Although limited to Mexico's particular type of employment, these studies suggested that policies and programs aimed at improving the economic conditions within source countries may be more effective in stemming the flow of illegal migration than attempting to minimize the pull factors here. On the other hand, if these push conditions are improved, a shortage of unskilled labor may be created in the United States. The labor scarcity may result from legal workers' unwillingness to perform "* * *'dirty' work that remains necessary even in the midst of advanced industrialism." 1/

The "dual market" thesis provides a more recent economic explanation for this illegal migration flow into the U.S. labor market. This thesis divides the national labor force into two groups. The primary labor force is characterized by high wages, good working conditions, employment stability, and opportunities for advancement. The secondary labor force is characterized by low wages, erratic employment, and lack of opportunity for advancement. Examples of jobs in the secondary labor force include carwashers, dishwashers, and gardeners. Many legal workers, it is argued, find the secondary labor force jobs undesirable, often accepting unemployment or welfare instead. Illegal migrants, however, who lack many human capital skills, such as education, the English language, training, and job experience, successfully compete for many secondary labor force jobs.

WHERE DO ILLEGAL ALIENS WORK?

Studies on the employment of Mexican illegal aliens support the assertion that illegal aliens are employed primarily in low-skilled jobs. Two studies concluded that 60 to 90 percent of all Mexican illegal aliens worked in low-skilled jobs. The rural-oriented Southwest Border Regional Commission study found that almost half of all Mexican illegal aliens were farmworkers. 2/ The urban-oriented San

1/J. Craig Jenkins [25], "The Demand for Immigrant Workers: Labor Scarcity or Social Control?" International Migration Review, vol. XII, no. 4 (Winter 1978), p. 516.

2/Southwest Border Regional Commission [36], Economic Impact of Undocumented Aliens in the California Border Region, preliminary draft, 1978, table 18.

Antonio study found that more than half the Mexican illegal aliens were employed as nonfarm workers. 1/ (See table 2.)

Table 2
Employment Distribution of Mexican Illegal Aliens
by Occupational Category

<u>Occupational category</u>	<u>Southwest Border Regional study a/</u>	<u>San Antonio study b/</u>
Skilled:		
Professionals/managers	1.4%	--
Salesworkers/clerical	0.6	1.3%
Craftworkers	5.6	12.0
Operatives	<u>5.4</u>	<u>17.3</u>
Total	13.0%	30.6%
Unskilled:		
Nonfarmworkers/laborers	17.0%	40.0%
Farmworkers	40.4	--
Services	<u>29.7</u>	<u>29.3</u>
Total	87.1%	69.3%

a/Southwest Border Regional Commission [36], table 18. Sample size = 664.

b/Cardenas [4], table 20. Sample size = 75.

Employment distribution of the non-Mexican, as well as Mexican, illegal alien population is presented in table 3. The North and Houston study found that Mexican illegal aliens were similarly distributed among the three unskilled job categories (nonfarmworkers, farmworkers, and services); however, slightly more were employed as farmworkers than as the other two categories. A higher proportion of Mexican illegal aliens were unskilled laborers than illegal aliens from the other countries of the Western Hemisphere (57.8 percent and 37.0 percent, respectively). Moreover, the percent of illegal aliens employed as unskilled laborers among the Eastern Hemisphere group was 41.3 percent. (Note, however, that Mexican

1/Gilbert Cardenas [4], Manpower Impact and Problems of Mexican Illegal Aliens in an Urban Labor Market, December 1976, table 20.

illegal aliens make up a large percentage of the total illegal migrant population, and the Eastern Hemisphere illegal aliens constitute a small percentage of the total. Therefore, although the percent of illegal aliens employed as skilled workers, excluding operatives, is largest among the Eastern Hemisphere group, their actual number is small.) Evidence to support the assertion that Mexican illegal aliens are employed primarily in agriculture in the southwest region of the United States is presented in table 4. Although percentages vary among studies, the data seem to indicate that 26 to 51 percent of all Mexican illegal aliens are employed in agriculture.

Table 3

Employment Distribution of
Apprehended Illegal Aliens
by Occupational Category and Origin a,b/

<u>Occupational category</u>	<u>Mexico</u>	<u>Western Hemisphere</u> <u>(excluding Mexico)</u>	<u>Eastern Hemisphere</u>
Skilled:			
Professionals/managers	0.4%	4.3%	18.7%
Salesworkers/clerical	1.0	5.5	9.4
Craftworkers	16.5	12.8	22.7
Operatives	<u>24.2</u>	<u>40.4</u>	<u>8.0</u>
Total	42.1%	63.0%	58.8%
Unskilled:			
Nonfarmworkers	17.2%	9.8%	4.0%
Farmworkers	24.1	3.4	--
Services	<u>16.5</u>	<u>23.8</u>	<u>37.3</u>
Total	57.8%	37.0%	41.3%

a/North and Houston [31], table V-6, p. 110. Sample size = 788.

b/The total number of illegal aliens in the United States is estimated as 60 percent originating from Mexico, 30 percent from the remaining countries of the Western Hemisphere, and 10 percent from the Eastern Hemisphere.

Table 4

Employment Distribution of
Apprehended Mexican Illegal Aliens
by Economic Sector

<u>Economic sector a/</u>	<u>Southwest Border Regional study b/</u>	<u>Cornelius study c/</u>	<u>North and Houstoun d/</u>	<u>INS (1976) data e/</u>
Agriculture	50.6%	45.0%	26.2%	32.8%
Manufacturing	10.1	20.8	28.2	33.0
Commerce	22.5	14.0	13.9	--
Construction	3.3	10.6	20.8	8.2
Services	13.3	8.6	10.4	26.0
Other	<u>0.2</u>	<u>1.0</u>	<u>0.4</u>	<u>--</u>
Total	100.0%	100.0%	99.9%	100.0%

a/Agricultural occupations include farmers and farmworkers, such as farmhands and laborers, and employment in forestry and fisheries. Manufacturing occupations include operatives, such as sewers and stitchers, laborers, craftworkers, and managers and administrators. Commerce includes occupations in transportation, such as truckdrivers and retail salesclerks. Construction occupations include craftsmen, operatives, and laborers. Service occupations include private household workers, food service, health service, and protective service workers.

b/Southwest Border Regional Commission [36], table 14. Sample size = 691.

c/Wayne A. Cornelius [10], Mexican Migration to the United States: Causes, Consequences, and U.S. Responses, July 1978, p. 54. Sample size = 994.

d/North and Houstoun [31], p. 113. Sample size = 481.

e/Immigration and Naturalization Service [62], Estimated Total Number of Illegal Aliens and Employed Illegal Aliens by INS District, November 22, 1976. Sample size = 3,817,350.

In addition, over half the Mexican illegal alien population are reported to be employed in marginal, highly competitive firms with 25 or fewer employees. (See table 5.)

Table 5

Distribution of Employed Mexican Illegal Aliens
by Size of Firm

<u>Number of employees per firm</u>	<u>San Antonio study a/</u>	<u>Cornelius study b/</u>
Fewer than 10	35.1%	59.0% } }
11-25	23.0	
26-50	20.3	
51-100	5.4	41.0 } }
101-300	13.5	
Over 300	2.7	
Total	100.0%	100.0%

a/Cardenas [4], table 23, p. 102. Sample size = 74.

b/Cornelius [10], p. 66. Sample size = 994.

DO ILLEGAL ALIENS AFFECT THE WAGES
LEGAL WORKERS RECEIVE?

There has been some debate as to whether the influx of a large number of illegal aliens, concentrated in a particular region, creates a surplus labor supply for unskilled jobs and subsequently depresses wages. 1/

The San Antonio study found that Mexican illegal aliens may not be directly depressing wages. 2/ This study, which controlled for "human capital" variables (such as education, language skills, and experience), concluded that the Mexican illegal alien in the San Antonio area earned as much as his/her white ("Anglo") counterpart and more than Mexican-Americans and Black-Americans employed in the same types of jobs. 3/ Wages in San Antonio, however, were generally

1/Traditional economic theory would assert that illegal aliens hold down the wage rate; for as the supply of labor increases, the demand for higher wage rates decreases.

2/Cardenas [4], p. 121.

3/Cardenas [4], p. 163.

depressed in both primary and secondary job markets compared with those in the rest of the country. The study suggested that lack of unionization may be a principal reason for the area's lower wages.

Other researchers argued that illegal aliens indirectly depressed wages because they generally did not join unions for fear of being apprehended and deported. A large supply of cheap, unorganized labor hampers unions from asserting effective pressure on management for increased wages and better working conditions. As Jenkins stated: "As long as illegals are vulnerable to deportation, they will be ultimately impossible to organize into viable unions." 1/ Of 793 illegal aliens interviewed by North and Houston, only 130, or 16.4 percent, reported being union members. Union membership was highest in the East and mid-Northwest (29 and 23.8 percent, respectively) and lowest in the Southwest and border counties (1.4 and 1.5 percent, respectively). 2/

Smith and Newman conducted a study to determine if illegal migrants depressed wages by providing a labor surplus at the border. 3/ The study was conducted entirely within Texas and concerned Mexican illegal aliens. Contrary to popular belief, the wage differential they found between border and nonborder cities was decidedly small (8 percent in real wages). 4/ The authors suggested that the base differential represented the premium individuals were willing to pay for nonfinancial advantages of living at the border (for example, closeness to relatives or cultural heritage).

There is some evidence that illegal aliens receive low wages. A 1975 study using two data sources found that at least half of all employed aliens received less than \$2.50 an hour. It was also found that apprehended illegal aliens who had lived here for 2 or more years did not earn substantially higher wages than those who had lived here less than

1/Jenkins [25], p. 530.

2/North and Houston [31], p. 138.

3/Barton A. Smith and Robert J. Newman [35], "Depressed Wages Along the U.S.-Mexico Border: An Empirical Analysis," Economic Inquiry, vol. XV (January 1977), pp. 51-66.

4/The border towns were Laredo and Brownsville; nonborder towns were Houston and Corpus Christi.

2 years. 1/ The study also discovered substantial differences among average hourly wages earned by illegal migrants from Mexico, the Eastern Hemisphere, and the Western Hemisphere excluding Mexico. Illegal aliens from the Eastern Hemisphere received an average of \$4.08 an hour, Western Hemisphere illegal aliens received an average of \$3.04 an hour, and Mexican illegal aliens received an average of \$2.34 an hour. Similarly, the average years of schooling correlated positively with hourly wage (i.e., Eastern Hemisphere illegal aliens had the most years of schooling and received the highest hourly wage). 2/ Overall, the study estimated that at least 75 percent of all illegal migrants earned less than \$4.50 an hour regardless of occupation, geographic location, or country of origin. 3/ INS data for 1976 estimated that 54.4 percent of all illegal migrants earned between \$2.50 and \$4.49 an hour and 33.4 percent earned less than \$2.50 an hour. 4/ (See table 6.)

In addition, illegal aliens in particular occupations and regions of the country are more likely to earn less than \$2.50 an hour. After considering possible intervening variables and biases in the data, North and Houstoun concluded that at least 66 percent of all apprehended illegal aliens employed in the Southwest earned less than \$2.50 an hour and that at least 75 percent of all farmworkers earned less than \$2.50 an hour. 5/ (See table 7.)

1/North and Houstoun [31], p. 118.

2/North and Houstoun [31], p. 117.

3/North and Houstoun [31], pp. 123-124.

4/Contrary to other studies which used apprehended illegal aliens as their data source, the 1976 INS figures are based on the estimated total number of employed illegal aliens. This may help explain the discrepant findings between it and the North and Houstoun study, which used apprehension data from the 1975 Linton and Company study, and 1975 INS apprehension data.

5/North and Houstoun [31], p. 123.

Table 6

Distribution of Hourly Wages in
Most Recent U.S. Jobs of Illegal Aliens

<u>Hourly wage</u>	<u>INS data (1975) a/</u>	<u>Linton & Co. Study (1975) a/</u>	<u>INS data (1976) b/</u>
Less than \$2.50	65.2%	51.2%	33.4%
\$2.50 - \$4.49	30.2	41.5	54.4
\$4.50 - \$6.49	3.5	5.5	9.3
\$6.50 or more	<u>1.1</u>	<u>1.8</u>	<u>2.9</u>
Total	100.0%	100.0%	100.0%
Number in sample	47,947	779	3,817,350

a/North and Houstoun [31], table V-9, pp. 118-119. Based on responses of apprehended illegal aliens. North and Houstoun stated that the INS 1975 data may be heavily biased toward the Southwest because most resources are located there. Thus the Mexican illegal aliens may be overly represented.

b/INS data [61], November 22, 1976.

When compared with the wages of legal workers in production and nonsupervisory jobs, illegal aliens earned an average of \$2.66 an hour, while legal workers earned an average of \$4.47 an hour. The number of hours worked per week also varied between illegal and legal workers (44.5 and 35.9 hours, respectively). North and Houstoun concluded that the "considerable and consistent" disparity between the wages of illegal and legal workers indicated that apprehended illegal aliens not only received lower wages but that they were also underpaid; that is, they were paid less than legal workers who were "in the same occupation, in the same sector of the economy and in the same geographical location." 1/

DO ILLEGAL ALIENS DISPLACE OR
AUGMENT THE AMERICAN WORK FORCE?

Do illegal aliens take jobs away from legal workers or do they accept jobs of low pay and low status that most

1/North and Houstoun [31], pp. 125-126.

Table 7

Distribution of Hourly Wages of Employed
Illegal Aliens by Employment Category a,b/

Hourly wage	Agriculture		Services		Heavy industry		Light industry		Construction		Total	
	1975	1976	1975	1976	1975	1976	1975	1976	1975	1976	1975	1976
Less than \$2.50	77.9%	31.5%	65.7%	40.5%	27.4%	21.6%	46.2%	32.7%	48.8%	27.4%	65.2%	33.4%
\$2.50 - \$4.49	21.1	66.1	27.1	47.0	53.9	36.0	46.3	51.7	40.0	50.5	30.2	54.4
\$4.50 - \$6.49	0.9	2.2	4.4	9.9	14.8	30.9	6.6	12.2	5.9	13.9	3.5	9.3
\$6.50 or more	<u>0.1</u>	<u>0.2</u>	<u>2.8</u>	<u>2.7</u>	<u>3.8</u>	<u>11.6</u>	<u>0.9</u>	<u>3.5</u>	<u>5.3</u>	<u>8.0</u>	<u>1.1</u>	<u>2.9</u>
Total	100.0%	100.0%	100.0%	100.1%	99.9%	100.1%	100.0%	100.1%	100.0%	99.8%	100.0%	100.0%
Number in sample	25,474	1,253,900	6,614	990,450	1,502	176,300	11,681	1,084,800	2,676	311,300	47,947	3,817,350

a/1975 INS data on apprehended illegal aliens, reported in North and Houston [31], pp. 118 and 122. North and Houston stated that the INS 1975 data may be heavily biased toward the Southwest because most INS resources are located there. Thus Mexican illegal aliens may be overly represented.

b/1976 INS data [61], November 22, 1976.

legal workers do not want? Whether illegal aliens are a net detriment or an asset to the U.S. economy is an issue yet to be resolved. Some argue that since our postindustrial society cannot fully mechanize the dull, routine, and unskilled jobs, persons must fill them. Offered the choice between unemployment compensation and social service programs or a low-status job paying the minimum wage, legal workers may prefer unemployment. In this case, illegal aliens are necessary to the economy.

On the other hand, illegal aliens may be employed in occupations that legal workers are willing to take. In this case, illegal aliens contribute to U.S. unemployment and subsequently higher social costs to taxpayers. Illegal aliens may also indirectly depress wages by saturating particular labor areas and causing those wages to remain stationary or to decline. As a result, the jobs become unattractive to legal workers.

Economist Hans F. Sennholz maintains that it is unrealistic to expect legal residents, who receive social services and unemployment compensation, to accept employment which pays less. 1/ He is supported by other studies. A 1975-76 study in San Diego, which traced the selection of employees for 400 jobs, found that only 10 percent of the jobs were held by legal residents; the remainder were held by legal Mexican commuters. 2/ Also, when farmers near Presidio, Texas, advertised for 4,000 domestic agricultural workers at minimum wage, only 300 persons applied. INS officials eventually allowed the farmers to hire laborers from nearby Ojinaga, Mexico. 3/

Wayne Cornelius compared the national unemployment rates with the unemployment rates of "high impact" labor areas

1/From a position paper prepared by Professor Sennholz in his capacity as the Secretary of the Treasury in the Conservative Caucus "Shadow Cabinet", Congressional Digest [8] (October 1977).

2/Reported by Ellwyn Stoddard [48] in "Selected Impacts of Mexican Migration on the U.S.-Mexico Border," 1978, p. 6.

3/"It's Your Turn in the Sun" [24], Time (October 16, 1978), p. 61.

(composed of eight labor markets having high Mexican migration). He concluded that in all but 2 years, the national unemployment rates were higher than those of the "high impact" areas during the years 1968-77. 1/

Ellwyn Stoddard asserted that Mexican illegal aliens aggravated the already high unemployment of primarily one group: Mexican-Americans in the border region. 2/ The study done in San Antonio concluded that Mexican illegal aliens did not displace workers in the primary labor market, but they did affect the secondary labor market. Although Mexican illegal aliens may displace legal residents, the study concluded that they generally had a "marginal displacement effect" and that illegal aliens were holding jobs that legal workers had chosen not to take due to the nature of the job and working conditions. 3/

IS ILLEGAL ALIEN LABOR EXPLOITED?

Several studies have been conducted to determine if illegal aliens are paid substandard or low wages as a consequence of their illegal status. In practice, illegal aliens' positions in the U.S. work force are not enforceable under U.S. labor laws; therefore, they often work in positions which do not guarantee minimum labor standards. Some argue that illegal aliens are cheap, abundant, and docile labor. Many illegal aliens do not place demands on their employers for fear of being turned in to INS officials and being deported. As Secretary of Labor Ray Marshall has stated, illegal aliens can be made to work "hard and scared" by their employers. 4/

One measure of job exploitation is whether illegal aliens receive less than the minimum wage. By interviewing 766 illegal aliens, North and Houstoun found that 23.8 percent, or 182, reported earning less than the minimum wage. (See table 8.) About one-fourth of those illegal aliens employed in contract construction and trade earned less than the minimum wage. The average hourly wage (\$1.98 per hour) for illegal aliens in the Southwest was "conspicuously" lower than those of other regions. North and Houstoun

1/Cornelius [10], pp. 58-59.

2/Stoddard [48], p. 5.

3/Cardenas [4], pp. 94-95.

4/Jenkins [25], p. 529.

concluded that illegal aliens employed in the Southwest border counties received the lowest average hourly wage (\$1.74 per hour) of all respondents; about one-third of these were employed as farmworkers. The Southwest Border Regional Commission study, aimed exclusively at the border region, found that 32.6 percent, or 165, of the illegal aliens sampled had earned less than \$2.50 an hour in 1977. 1/

Receiving cash payments from an employer may also be one indication that the employee is being exploited. By paying cash, the employer avoids documentation of the illegal aliens. Of the illegal aliens surveyed by North and Houston, more than one-fifth, or 22.1 percent, reported that they had been paid in cash. Illegal aliens working in border counties were most likely to be paid in cash (63.3 percent). 2/

A study that attempted to gain the illegal migrant's perceptions of his/her own exploitation found that 38.3 percent of the illegal aliens sampled believed that their employers had known they were in the United States illegally when they were hired. 3/ Of this group, 43 percent believed they were hired because of their illegal status and 41.8 percent believed they had been paid less than legal workers. (Most of this group (80 percent) were Mexican and worked in the Southwest.) At the same time, over 60 percent reportedly told their employers of their illegal status. Representatives of large east coast manufacturers recently told us that they were unsure whether their companies employed illegal aliens. Employers in California told us that they believed it was illegal to ask prospective employees about their status. Employers may be unaware of whom they are employing, or they may be denying themselves information they would rather not have.

1/Southwest Border Regional Commission [36], table 20.

2/North and Houston [31], p. 137.

3/North and Houston [31], p. 132.

Table 8

Distribution of Employed Illegal Aliens
Receiving Less Than Minimum Wage
in Selected Sectors of Employment a/

	<u>Agri-</u> <u>culture</u>	<u>Contract</u> <u>construc-</u> <u>tion</u>	<u>Manu-</u> <u>facturing</u>	<u>Trade</u>	<u>Services</u>	<u>Over-</u> <u>b/ all</u>
Percent re- ceiving less than minimum wage	33.6%	24.9%	11.9%	25.6%	31.3%	23.8%
Number of respond- ents c/	134	124	259	152	80	749

a/Data taken from North and Houston [31], table V-15, pp. 128-129. Data based on apprehended illegal aliens. Minimum wages for 1975 were:

- \$1.80 = farming, forestry, and fisheries;
- \$2.00 = sales, services, and private households;
- \$2.10 = mining, construction, manufacturing, transportation, and finance.

b/Included private household workers. The analysis also included 66 respondents who received room and board; most of these were household domestics. It is therefore possible that some illegal aliens who were reported here as receiving less than the minimum wage actually did not when room and board were added.

c/Number of respondents does not add to 766 because job categories with 10 or fewer respondents are not included in the table.

DO ILLEGAL ALIENS RECEIVE SOCIAL SERVICES?

Most social service, or welfare, programs require that recipients be citizens or permanent resident aliens of the United States. The high risk of apprehension and deportation may also deter an undocumented alien from using social services. Social service programs supported exclusively by the Federal Government include Aid to Families With Dependent Children, Supplemental Security Income, and food stamps.

The illegal alien's effects on State and local services are not well documented. However, some researchers have called the illegal alien a "converter" in that he/she takes money away from local and State governments in the form of services and pays it to the Federal Government in the form of taxes. ^{1/} Programs such as education, unemployment compensation, and medical support are funded by a combination of Federal, State, and local revenues.

Some studies have attempted to estimate the use of social services by illegal aliens. Study samples varied, ranging in scope from samples that included illegal aliens from all countries to samples of Mexican illegal aliens residing in particular communities. These studies indicated that a small percent of illegal aliens directly participated in Federal public assistance programs. ^{2/} Participation also varies by region; it is higher in the Southwest, for example, because of the concentration of undocumented aliens.

Two research efforts--the North and Houston study of apprehended illegal aliens from various countries and an Orange County, California, study of primarily Mexican illegal aliens--estimated the use of some social services, as shown in table 9.

Studies have not estimated the number or percent of legal workers, if any, who are displaced from work by illegal aliens and are, therefore, receiving social services. Those who argue that illegal aliens displace legal workers contend that welfare and other Government-financed social services have increased because of illegal migrants. Others argue that welfare discourages legal workers from taking low-paying jobs. The San Diego, California, study, for example, calculated that the average annual income of an illegal alien was \$4,368.

^{1/}Stoddard [48], p. 12.

^{2/}Various studies found that use of the Aid to Families With Dependent Children Program was 0 to 2 percent, use of Supplemental Security Income was negligible, and food stamp use was 0 to 2 percent. See, for example, "Impact of Illegal Aliens on Public Assistance Programs: Too Little Is Known" [21], U.S. General Accounting Office, GGD-78-20, December 1, 1977.

Table 9

Estimated Uses of Social Services
by Illegal Aliens

	North and Houstoun study (apprehended aliens) a/	Orange County study (mainly from Mexico) b/
Welfare	0.5%	2.8%
Food stamps	1.3	1.6
Unemployment compensation	3.9	--
Public schools	3.7	--
Medical support c/	27.4	8.0-10.0

a/North and Houstoun [31], p. 142.

b/Task Force on Medical Care for Illegal Aliens [49], The Economic Impact of Undocumented Immigrants on Public Health Services in Orange County, March 1978, pp. 6 and 18.

c/In the North and Houstoun study [31], 83 percent of the 27.4 percent who said they had used medical services had hospitalization insurance, for which they or their employers had paid. In the Orange County study [49], the figure of 8 to 10 percent represents free medical care.

By comparison, a welfare recipient family of five received \$4,800 per year tax free. ^{1,2/} (Current nationwide tax reform efforts, however, such as California's Proposition 13, could reduce welfare program revenues and cause welfare recipients to seek and accept jobs held by illegal migrants.)

The cost impact of providing educational services may vary considerably by State. It is generally thought that the burden of illegal migrants on education is light since the majority of illegal aliens are young and single. North and Houstoun, for instance, reported that 3.7 percent of all respondents in their sample had children in U.S. schools.

1/A Study of the Socioeconomic Impact of Illegal Aliens on the County of San Diego [20], Human Resources Agency, County of San Diego, January 1977, p. 53.

2/A family of five is used for comparison purposes since illegal aliens are estimated to support an average of 4.6 dependents in their countries of origin.

Visa abusers are more likely to have children enrolled in U.S. schools (7.1 percent) than persons entering without documentation (2.2 percent). 1/ Some States, such as California, provide compulsory education for all children residing in the State, while others, such as Texas, require proof of residency or citizenship. 2/ In California, school systems receive additional resources from all three levels of government for enrolling bilingual children. 3/ Children of illegal aliens, then, may sometimes provide added sources of revenue to the public school system.

Some studies have argued that illegal migrants pay more in taxes than they receive in social service benefits. Table 10 presents the estimated percent of illegal aliens who pay Federal taxes. Taxes are also paid to State and local governments through income, sales, and property taxes.

Table 10

Percent of Illegal Aliens
Estimated To Pay Federal Taxes

<u>Tax</u>	<u>North and Houston</u> <u>study a/</u>	<u>Cornelius</u> <u>study b/</u>	<u>Orange County</u> <u>study c/</u>
Federal income tax	73%	64%	70%
Social security tax	77	65	88

a/North and Houston [31], p. S-14.

b/Cornelius [10], p. 89.

c/Task Force on Medical Care for Illegal Aliens [49], p. 20.

1/North and Houston [31], p. 147.

2/Federal District Judge William Wayne Justice, in a decision on September 14, 1978, declared unconstitutional a Texas statute which restricted access by undocumented children to public schools. For a more detailed discussion, refer to Migration Today [51] (October 1978), p. 22.

3/California also provides funds for supplemental instructional and health and welfare services for migrant pupils under title I of the Elementary and Secondary Education Act.

LOCAL IMPACT OF ILLEGAL ALIENS

The presence of illegal aliens affects some communities or regions more than others. In 1976, for instance, INS estimated that 750,000 illegal aliens resided in New York City's 5 boroughs. Because the Bureau of the Census, Department of Commerce, has not included illegal aliens in the official population count, they are not considered in federally funded formula grants, such as revenue sharing and counter-cyclical aid. Although the city undoubtedly provides some services to illegal residents, it is difficult to reasonably estimate these costs. 1/ A report by the New York City Department of City Planning states, "It is obvious that the undocumented alien population is receiving the same level of police, fire, sanitation and similar general services as the rest of the population." 2/ The report contends that New York City municipal hospitals have been particularly affected by the presence of illegal aliens.

Since an estimated 60 percent of all illegal aliens are Mexican, the Southwest has a heavy concentration of illegal aliens. This area, referred to as the "Borderlands," encompasses four U.S. States and six Mexican States. 3/ To the underemployed or unemployed Mexican, the border area represents a land of opportunity and relative prosperity. To many legal residents, the border represents poverty and a lower standard of living. Because of the growing number of persons in the Borderlands, environmental and social dilemmas have arisen. In some U.S. border towns and cities, legal and illegal Mexican aliens are becoming the majority of the population.

1/For further discussion concerning illegal aliens' uses of public services in New York City, refer to our letter response [65] to Congressman William S. Moorhead, Chairman of the Subcommittee on Economic Stabilization, Committee on Banking, Finance, and Urban Affairs, June 3, 1977, pertaining to our report (PAD-77-1), "The Long-Term Fiscal Outlook for New York City."

2/Evelyn S. Mann [28], "The Impact of Undocumented Aliens Upon City Expenditures and Services," draft, May 13, 1977, p. 3.

3/The U.S. States are Texas, New Mexico, Arizona, and California. The Mexican States are Baja California, Sonora, Chihuahua, Coahuila, Nuevo Leon, and Tamaulipas.

The proximity of the border poses additional problems at the State and local levels. San Diego County, for instance, estimated that it had spent about one-half of a million dollars in 1 year to detain illegal alien offenders. Nineteen percent of the El Paso annual police budget was reported to have been spent "to handle offenses and law offenders from Mexico." 1/

The cost of public education is another example of local impact. In communities having many non-English-speaking children, small group instruction becomes necessary and the need for bilingual education has become a highly debated issue. Although no Federal laws or regulations require proof of citizenship or resident alien status, some jurisdictions refuse to admit children of illegal aliens to public schools, or they are charged tuition. This inability to obtain formal education will not only be harmful to the children affected, but may prove even more costly to society in the long term. 2/

SUMMARY AND CONCLUSIONS

The number of persons entering the United States illegally is believed to have increased dramatically in recent years; most illegal migrants are Entries Without Inspection. Based on apprehension data, illegal aliens come mainly from the following countries: Mexico, the Dominican Republic, Canada, China, Italy, the United Kingdom, the Philippines, Greece, the British West Indies, and Belize. The reasons why they migrate vary, but most often they migrate for economic purposes.

Although most studies concern primarily Mexican illegal migrants, available data indicates that illegal aliens are employed in low-skilled and unskilled jobs that most legal workers may be unwilling to take. Data on apprehended illegal aliens indicates that wages earned by undocumented workers vary by type of job and region of the country; a substantial number receive less than the minimum wage. The lowest wages were found in the Southwest, especially in border counties.

1/Stoddard [48], p. 12.

2/U.S. House of Representatives [54], Select Committee on Population, Legal and Illegal Immigration to the United States, December 1978, pp. 37-38.

Researchers also indicate that a small percent of all illegal aliens receive Federal social services, although they pay Federal income and social security taxes. They suggest that illegal aliens may pay more in taxes than they receive in social services. They may also act as "converters" by paying money in the form of Federal taxes and receiving resources in the form of State and local services.

The presence of illegal aliens affects some communities or regions more than others. Certain major urban centers and the Southwest face unique social, economic, and environmental circumstances due to the high concentrations of illegal migrants and/or their proximity to the border.

CHAPTER 3

MEXICO AS A CONTRIBUTOR TO ILLEGAL MIGRATION

In many ways Mexico's social and economic situation resembles that of other countries where illegal migration to the United States is great. Mexico's high population growth and high unemployment are push factors typical of developing countries from which illegal aliens migrate. An estimated 60 percent of all illegal aliens come from Mexico and Mexico's demographic and economic situation is not expected to change in the near future. For these reasons, we are providing in this chapter a synthesis of published information on conditions in Mexico and factors that encourage migration (i.e., push factors).

CHANGES IN POPULATION AND EMPLOYMENT TRENDS

Mexico's annual population growth rate is currently 3.4 percent--one of the highest of all Latin American countries. Mexico's population could reach an estimated 95.1 million by 1990, almost double the 1970 population of 48.4 million. ^{1/} (See table 11.)

Table 11

Mexican Population and Average Annual Growth Rates: 1970-2000 a/

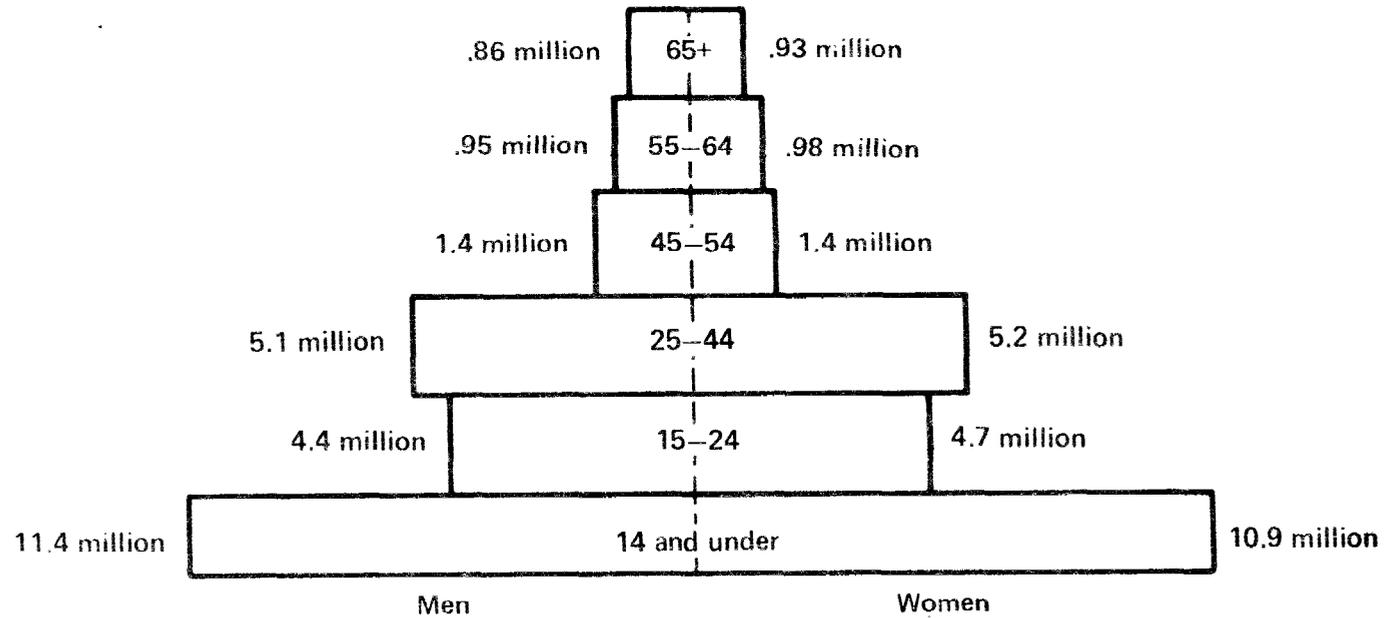
<u>Population</u>				<u>Average annual growth rates</u>		
<u>1970</u>	<u>1980</u>	<u>1990</u>	<u>2000</u>	<u>1970-80</u>	<u>1980-90</u>	<u>1990-2000</u>
----- (millions) -----				----- (percent) -----		
48.4	68.1	95.1	128.9	3.4	3.3	3.0

a/Robert W. Fox [15], Urban Population Growth Trends in Latin America, Inter-American Development Bank, 1975, p. 4.

The age of Mexico's population is unevenly distributed; 22 million, or 46 percent, of the total population in 1970 was under age 15. (See figure 2.) According to studies of the

^{1/}There has been an increased emphasis on family planning and birth control by the Mexican Government in recent years. This is likely to decrease the birth rate, but to what degree is unknown.

Figure 2
Estimates of Mexico's Population by
Age and Sex
1970 a,b/



a/ International Labour Office, Geneva [23], *Year Book of Labour Statistics*, 37th Issue, 1977, table I.

b/ Although a breakdown by age is not available, the Mexican population in the mid-1970s was estimated at 63 million. Chase Econometrics Associates, Inc. [5], "Inflation, Instability and the World Economy," November 1978, p. 2.

total population growth trends in Latin America, Mexico's population is expected to continue to grow as the current baby boom generation has children of its own at a pace exceeding the death rate. 1/

Almost 75 percent of Mexico's population growth has occurred in its cities, 2/ primarily due to the high birth rate and rural-to-urban migration. For example, Mexico City has between 12 and 13 million inhabitants. 3/ Given its present growth rate, it is projected to have 31 million people by the year 2000. Migration to the industrial cities along the northern border has been, and is expected to continue to be, a major population redistribution trend. For example, the population of Tijuana, near San Diego, is expected to increase from 300,000 in 1970 to 1 million in 1990. 4/

There are an estimated 700,000 new job-seekers annually, but no more than 300,000 new low-paying jobs are created in the same period. 5/ Furthermore, about 62 percent of Mexico's labor force is unemployed or underemployed. 6/ As shown by the changing population patterns, many Mexicans have migrated to urban areas or northern Mexican border cities or crossed the U.S. border in search of employment.

Although Mexico's high rate of population growth lies at the heart of its unemployment problem, other factors contributing to the unemployment rate also "push" Mexicans from the country. Mexico's lagging agricultural industry is a key factor. The current level of agricultural production in a country of about 63 million people is nearly the same

1/For further discussion, see Robert W. Fox [15], Urban Population Growth Trends in Latin America, 1975.

2/Cities are defined as having populations of 20,000 or more.

3/David Gordon [19], "Mexico: A Survey," The Economist (April 22, 1978), p. 7.

4/Fox [15], p. 85.

5/Cornelius [10], p. 38.

6/Chase Econometrics Associates, Inc. [5], "Inflation, Instability, and the World Economy," November 1978, p. 5.

as it was in 1968, when the population was about 42 million. ^{1/} Almost half the farmers cannot grow enough food to feed their own families, and the country has not grown enough food to feed its population since 1971. Due to sagging agricultural production and a shortage of other employment in the countryside, many rural residents have migrated to Mexico's cities. Many who are employed in Mexico have found that their wages have not kept pace with inflation. A primary economic alternative has been migration to the United States.

PETROLEUM INDUSTRY MAY ALLEVIATE SOME FUTURE PROBLEMS

Developing and expanding Mexico's nationally owned petroleum industry may, in the long term, help Mexico overcome many of its economic problems, including unemployment and underemployment. Recent discoveries have led several researchers to compare Mexico's petroleum reserves with those of Saudi Arabia, suggesting that Mexico could become a leading petroleum producer and exporter. But Mexico must first overcome many problems and uncertainties.

For many years Mexico will be rapidly increasing its debt level and diverting much of its budget to finance the development of this capital-intensive industry. In the interim, some Federal programs may suffer from the budget squeeze and subsequently exacerbate existing social conditions. At the same time, Mexico must develop an infrastructure to support the petroleum industry, purchase much of its necessary technology from outside Mexico, develop management expertise, develop a distribution system, and expand its markets.

Few jobs would be created in the near term since petroleum is a capital-intensive industry. In fact, some researchers have suggested that a negative impact on total job creation could result, as capital investment becomes diverted from labor-intensive industries to the rapidly expanding, capital-intensive petroleum sector. In the long run, however, labor-intensive industries, in support of the petroleum sector, are likely to develop, generating additional employment.

UNITED STATES-MEXICAN BORDER RELATIONS ARE OF CONCERN

The overcrowding and rapid population increases in Mexican border cities have contributed to the increasing

^{1/}Chase Econometrics Associates, Inc. [5], pp. 1-2.

interaction and interdependence of U.S. and Mexican cities along the border. Due to its proximity to Mexico, our Southwest faces unique social, environmental, and economic circumstances.

Because binational problems exist on both sides of the border, some believe that the two countries need to coordinate efforts to alleviate such problems as air and water pollution, communicable diseases, television and radio channel regulations, and binational criminal offenses. As an example, the cities of El Paso, Texas, and Ciudad Juarez, Mexico, both suffer from a water shortage. Separately, each city has developed plans to use an underground aquifer in El Paso County, which extends 25 miles into Mexico. The water level is dropping faster than it is being replaced, and there are indications that it will not supply the future water needs of both cities. 1/ Another illustration is the mosquito control program in El Paso. Although the city is sprayed regularly, spraying ends at the international bridge. Mosquitoes breed in ponds just over the border and continue to invade the city. 2/ Attempts to alleviate such problems have involved international diplomacy and policy from distant capitals, whose officials do not always understand the complexities of the borderlands.

The resources necessary to alleviate problems are often inadequate. Dollars allocated to U.S. border communities based on population estimates may not consider the actual number of persons for which the service was intended. Federal and State dollars allocated to El Paso, for example, are based on a population estimate comparable to the cities of Toledo, Tulsa, Birmingham, or Portland, which are in the same population range. A community park, however, may also be used by El Paso's sister city across the border, Ciudad Juarez, which would bring the total population close to 1 million. 3/ Many researchers have concluded that the exclusion of illegal aliens and Mexican border residents in State/Federal aid formulas has contributed to the high rate of poverty in U.S. border cities.

1/Stoddard [48], pp. 15-16.

2/Stoddard [48], p. 17.

3/Stoddard [48], p. 18.

MEXICO'S ATTEMPTS TO ALLEVIATE
ITS ECONOMIC PROBLEMS

The Mexican Government has proposed some programs in the hopes of alleviating Mexico's economic problems. These programs would, in turn, reduce the force of the push factors.

The National Agricultural Plan, announced in April 1978, is designed to encourage the use of machinery, increase investment, correct for erosion, bring new land into production, provide more and easier credit, improve seeds, and provide more crop insurance. However, agriculture is not expected to play an important role in Mexico's overall economic growth until the mid-1980s. 1/ Until then, Mexico will continue to rely heavily on imported food goods, particularly from the United States.

In addition, Mexico has proposed using its anticipated oil revenues to develop the National Employment Fund, which would create new jobs in the fertilizer, construction, chemical, and agricultural sectors. 2/

MEXICO'S POLICY TOWARD
ILLEGAL MIGRATION TO THE UNITED STATES

Mexico reportedly opposes tighter U.S. border enforcement. The country reportedly views the United States as a "safety valve," where many of its people can find jobs. This, in turn, strengthens its economy and relieves internal political and social pressures. Blocking the safety valve by a more restrictive border policy could promote political and social unrest. 3/

U.S. attempts to stem illegal entries from Mexico might be implemented by long- and short-term measures. One solution may be a program that would encourage the Mexican Government

1/Agricultural production is projected to increase by 4 percent annually during 1981-87, slightly less than 1 percentage point above the projected population growth for that period. Chase Econometrics Associates, Inc. [5], p. 8.

2/Chase Econometrics Associates, Inc. [6], "Mexico: Current Economic Indicators," August 7, 1978, p. 5.

3/Gordon [19], pp. 27-28.

to develop labor-intensive industries in areas of Mexico targeted as major sources of illegal migration. 1/ Gradually these industries could absorb a substantial number of unemployed Mexicans and reduce some push factors. Mexico has reportedly been resistant to direct foreign aid, since it perceives the aid as a threat to its sovereignty. It seems more receptive to increased technology transfer and improved trade agreements. For example, one relief measure proposes that Mexican products of new labor-intensive industries be exempt from U.S. tariffs or other trade restrictions for a given period. 2/ In addition, as Mexico's petroleum industry develops, it is expected to generate support industries which would require a large labor supply.

Mexico's development of labor-intensive industries and its oil industry with the accompanying support services may be long-range answers to Mexico's unemployed population. No major changes in the unemployment picture are foreseen in the near future.

U.S. POPULATION AND EMPLOYMENT TRENDS--
IS THERE ROOM FOR THE MEXICAN WORKER?

There has been some discussion as to whether Mexican workers could fulfill a necessary role in the U.S. labor market. Future U.S. population estimates and employment trends show that imported labor may be needed.

The age composition of the U.S. population is changing. The country is moving toward an older age society due to a declining birth rate and low death rate. 3/ The number of persons aged 34 and younger is expected to continue to decline, whereas the number of persons 65 and older is likely to increase. For example, the percent of the population

1/This would serve as a possible improvement over the border industrialization program, which some argue has enhanced migration northward.

2/Suggested by Senator Charles McC. Mathias, Jr. (R-Md.) [29], Washington Post (January 15, 1979), p. A-21.

3/The birth rate is projected to decline steadily from 18 births per 1,000 population in 1970 to 14 per 1,000 in the year 2000. The death rate is projected to maintain a low level of 10.1 in the year 2000 from 9.4 in 1970 per 1,000 population. For additional discussion, refer to "Inconsistencies in Retirement Age: Issues and Implications" [22], U.S. General Accounting Office, PAD-78-24, April 17, 1978, pp. 5-6.

age 14 to 17 is projected to decline from 7.9 percent in 1976 to 5.6 percent in the year 2000. And the percent of the population age 65 and older is projected to increase from 10.7 percent in 1976 to 12.9 percent in the year 2000. 1/

The changing age distribution of the population should affect the composition of the available labor supply. A slowdown in the growth of the future labor force is estimated. While the prime-age work force (age 25 to 54) is projected to increase in both absolute and relative terms over the next several years, the youth work force (age 16 to 24) and the older work force (age 55 and older) are expected to decline. 2/ The increase in the labor force participation rates of women may offset some of this decline. 3/

Generally the need for workers in white collar and service occupations is projected to increase most rapidly in the future. 4/ The service industry is projected to grow fastest over the next decade, from 14.6 million workers in 1976 to 20.6 million in 1985. (Service occupations include such jobs as janitors, cosmetologists, private household workers, and bartenders.) 5/

There is some question as to whether the projected population will supply the labor necessary for unskilled or low-skilled jobs. This labor market has traditionally been composed of teenagers, women, and minorities. In addition, an adequate unskilled labor supply may be difficult to secure in an increasingly educated society unwilling to hold low

1/Bureau of the Census [56], Projections of the Population of the United States: 1977 to 2050, Series P-23, no. 704, July 1977.

2/For further discussion see Paul O. Flaim and Howard N. Fullerton [13], "Labor Force Projections to 1990: Three Possible Paths," Monthly Labor Review (December 1978), pp. 29-33.

3/Under an intermediate growth plan, labor force participation rates for women are projected to rise from 48.4 percent in 1977 to 57.1 percent in 1990. Flaim and Fullerton [13], p. 29.

4/For further discussion see U.S. Department of Labor [64], "The Job Outlook in Brief," reprint from the spring 1978 Occupational Outlook Quarterly.

5/Bureau of Labor Statistics [63], Tomorrow's Jobs, Bulletin 1955-1, 1978, p. 3.

status, low paying jobs. For example, the Bureau of Labor Statistics, Department of Labor, has projected a continuing decline in the employment of private household workers, despite an increasing demand for their services, primarily because of the low wages and strenuous nature of the work. 1/ Should a labor shortage among unskilled workers materialize, employers would be faced with a number of alternatives. Some would try to offer higher wages to attract those who find this work undesirable (which, in turn, may increase consumer prices); mechanize, if possible; go out of business; or relocate to areas where there is cheap and abundant labor (most likely outside the United States.) Another alternative--at the Federal level--might be a modified Bracero program. 2/ Such a program could provide a source of unskilled labor when, and if, the domestic labor supply were reduced. In that event, workers may be linked to the labor needs of a particular region, thereby increasing or decreasing the number of workers as the demand varies. Such interdependence between the two countries may give Mexico the short-term opportunity to reduce its unemployed population. It may also give the United States a method for recognizing and legalizing the increasing number of Mexicans who cross the border and work without protection or documentation.

SUMMARY AND CONCLUSIONS

Mexico's depressed economic condition and high population growth rate are characteristics common to countries contributing large numbers of illegal aliens to the United States.

1/Bureau of Labor Statistics [63], p. 8.

2/The Bracero program, implemented as a result of a U.S. labor shortage during World War II, operated between 1942 and 1964 under a formal agreement with Mexico. After certification by the U.S. Department of Labor, Mexican workers were brought into the United States for short-term agricultural jobs. By the time the program ended, more than 4 million workers had been recruited throughout Mexico. The current Mexican Government favors a modified Bracero program, and the United States appears supportive of temporary worker legislation. Modifications to the program might include broadening employment opportunities beyond agriculture, giving Mexico a larger role in the recruitment process, making work periods more flexible, and insuring that the workers receive equitable wages.

There are several push factors contributing to Mexican illegal migration to the United States. Most notable is Mexico's extremely high population growth rate, which has contributed to severe unemployment/underemployment. Prices have outpaced wages, and the distribution of income has become increasingly inequitable.

Developing the petroleum industry is a possible long-term answer to Mexico's high unemployment. However, it will likely take several years before the industry converts from its current emphasis on capital-intensive expenditures to a more labor-intensive industry, which would create more jobs in petroleum and its supporting industries. An anticipated expanded market base for petroleum and nonpetroleum products would provide the resources for Mexico to create new jobs and Government service programs.

Mexico has proposed several programs to alleviate its economic problems. These programs would, in turn, reduce the push factors causing large-scale migration.

Due to the change of the age composition of the U.S. population, a labor shortage among unskilled workers may materialize. If so, the United States may want to institute a work-type program similar to Bracero to provide jobs for unemployed Mexican labor and provide U.S. employers with unskilled workers.

CHAPTER 4

CONTROLLING THE FLOW OF ILLEGAL ALIENS

In addition to dealing with problems within source countries, two methods primarily suggested for controlling the flow of illegal aliens are stronger law enforcement and employer sanctions. The former would reduce the illegal entry through the borders and international airports; the latter would penalize employers who engage in a "pattern or practice" of employing undocumented workers. Both methods have been emphasized by President Carter in his Undocumented Aliens proposal introduced to the Congress on August 4, 1977. Discussed below are current experiences of INS enforcement and the experience of States which have enacted employer sanctions.

INS ENFORCEMENT EFFORTS MAY BE HINDERED BY MANY FACTORS

The responsibility for admitting and overseeing foreign nationals is currently divided among different Federal agencies--primarily the Departments of State (through the consulates) and Justice (through INS). Persons wishing to enter the United States (as legal aliens, visitors, students, etc.) are issued visas by the consulates. INS responsibilities rest with foreign nationals at and inside the U.S. border.

The primary responsibilities of INS regarding illegal aliens include:

- Border enforcement, which deals with preventing illegal entry.
- Interior enforcement, which focuses on locating undocumented aliens following successful illegal entry or violation of status after legal entry.
- Detention and deportation, which involves processing and detaining undocumented aliens and deporting them.

President Carter's budget for fiscal year 1980 calls for increasing the use of immigration officers at borders and deemphasizing apprehensions within the United States. 1/

1/The Budget of the United States Government [2], fiscal year 1980, p. 278.

The Immigration and Nationality Act includes provisions on legal entry, permanent and temporary residency status, and naturalization requirements. Violators are subject to arrest, detention, and deportation. Implementing these provisions, however--especially those dealing with enforcement practices under INS authority--has been limited by the courts. Several INS officials indicated to us that some court rulings had limited their effectiveness in dealing with the flow of illegal aliens. Some also indicated that problems may result from gaps in the legislation and the lack of a current and definitive immigration policy. A lack of adequate computerization, which results in inability to accurately keep count of entries and departures of aliens and to process data obtained on the annual alien registration forms, also hinders INS enforcement efforts.

During the last few years, INS enforcement efforts have conflicted with the fourth amendment of the U.S. Constitution. 1/ The courts' attempts to balance these competing interests have resulted in dissatisfaction by both INS and civil libertarians. 2/ Before 1973, for instance, the INS Border Patrol was able to stop and search vehicles within 100 miles of the border without a warrant, 3/ using permanent and

1/The fourth amendment reads: "The right of the people to be secure in their persons, houses, papers, and effects, against unreasonable searches and seizures, shall not be violated, and no Warrants shall issue, but upon probable cause, supported by Oath or affirmation, and particularly describing the place to be searched, and the persons or things to be seized."

2/Glorene Franco and Glenn S. Warren [17], "The Illegal Alien Assault: The United States Retreats from the Border," American Criminal Law Review, vol. 14:747 (Spring 1977), p. 761.

3/8 U.S.C., section 1357(a)(3) (1976) empowers INS to board and search, without a warrant, any vehicle, vessel, or conveyance within a reasonable distance from any external U.S. boundary. This section further provides that within 25 miles of an external boundary, INS officers have access to private lands (but not dwellings) without a warrant for the purpose of patrolling the border to prevent entry of illegal aliens. "Reasonable distance" is defined by 8 C.F.R. §287.1(a)(2) (1979). "External boundary" means the land boundaries and the U.S. coastline (8 C.F.R. §287.1(a)(1) (1979)).

temporary checkpoints and roving patrols. 1/ In Almeida-Sanchez v. United States (1973), 2/ the Supreme Court ruled that warrantless vehicle searches away from the border or its functional equivalent, by roving patrols, without either probable cause or consent, violated the fourth amendment. 3/

1/Permanent checkpoints are sites equipped to handle a large volume of traffic and designed to operate on a 24-hour basis. The primary factors to consider in selecting the site of a permanent checkpoint in order to assure its effectiveness are: (1) it must be far enough away from the border to avoid interference with traffic in populated areas near the border, (2) it must be close to the confluence of two or more significant highways leading away from the border, (3) it must be situated on terrain which restricts vehicle passage around the checkpoint, (4) it must be on a stretch of highway which provides for safe operation of the checkpoint, and (5) it must be beyond the 25-mile zone in which "border passes" (which authorize travel within a 72-hour period) are valid.

Temporary checkpoints are operated on roads where traffic is less frequent. Although governed by the same general factors as permanent checkpoints, they are usually set up at irregular and intermittent intervals to promote an element of surprise.

The roving patrol is often a lone patrol vehicle either cruising the roads or parked off the road in a police speed-trap fashion.

2/413 U.S. 266 (1973).

3/The Court indicated that a functional equivalent might exist when the site (1) was an established checking station, (2) was located near the border, and (3) was at the confluence of two or more roads extending from the border. As a specific example that would clearly be a search at the functional equivalent of the border, the plurality cited "a search of the passengers and cargo of an airplane arriving at a St. Louis airport after a nonstop flight from Mexico City * * *." (413 U.S. 273.) For further discussion see Michael J. Rusnak and William H. Satterfield [34], "Border Searches in the Fifth Circuit: Constitutional Guarantees v. Immigration Policy," Cumberland Law Review, vol. 8:107 (1977), p. 124.

In United States v. Brignoni-Ponce (1975), 1/ the Court held that a roving patrol could stop a vehicle outside the border area only if the officers had a "reasonable suspicion" that the occupants were illegal aliens. A reasonable suspicion could be formulated using specific information viewed in light of the officers' experience in detecting illegal entry and smuggling. 2/

Until Illinois Migrant Council v. Pilliod (1975), 3/ INS area control operations included street stops and interrogations of individuals suspected to be illegal aliens. As a result of the case, the District Court ruled that INS agents must have a "reasonable belief" that a person is an illegal alien before questioning.

INS use of search warrants for entering a place of employment has also recently come under question. In Blackie's House of Beef v. Leonel J. Castillo (1978), 4/ the U.S. District Court of the District of Columbia ruled against INS in a search that resulted in the apprehension of 15 illegal aliens. The court ruled that the warrant had not authorized the investigators to arrest employed illegal aliens; valid "arrest" warrants should be used, it said, not "search" warrants.

The courts have also ruled in favor of certain groups of illegal migrants, allowing them to remain and be employed in the United States. As a result of a 1977 court decision

1/422 U.S. 873 (1975).

2/The general factors relating to "reasonable suspicion" are (1) the characteristics of the area, including its proximity to the border, the usual traffic patterns on particular roads, and previous experience with alien traffic, (2) information about recent illegal border crossings in the area, (3) the driver's behavior, such as erratic driving or obvious attempts to evade officers, and (4) the vehicle itself, such as a station wagon with large compartments which could be used for concealing aliens, a vehicle that appears to be heavily loaded, a vehicle containing an extraordinary number of passengers, or a vehicle in which officers observe persons attempting to hide. (422 U.S. 884-5.) See also Rusnak and Satterfield [34], p. 130.

3/398 F. Supp. 882 (N.D. Ill. 1975).

4/467 F. Supp. 170 (D.D.C. 1978).

in Chicago (in the case of Silva v. Levi ^{1/}), for instance, an illegal migrant from the Western Hemisphere who registered with an American consul for an immigration visa before January 1, 1977, may remain in this country and obtain a written employment authorization until that person's case is decided.

The "Texas Proviso" (a concession to Texas agricultural interests ^{2/}) made the employers of illegal aliens immune from prosecution. The proviso provided that employment (including the usual and normal employment practices) did not constitute "harbouring," a felony under the Immigration and Nationality Act of 1952. ^{3/}

According to INS officials, the courts have been unwilling (or too backlogged) to prosecute the smugglers of illegal aliens. During a visit to the Chula Vista Station in southern California, for instance, it was learned that the Border Patrol maintained its own identification files on several thousand smugglers that had been detained there, many of whom were repeaters. Although smuggling is a felony, smugglers have usually not been prosecuted unless they have repeated the offense a considerable number of times or committed more serious crimes. ^{4/} Until quite recently, smugglers and their vehicles were likely to return to their illegal activities within a few hours of apprehension. With the passage of Public Law 95-582 in 1978, the smugglers' vehicles used in the illegal transport could be confiscated.

Many community-based support services have evolved to assist newly arrived illegal (and legal) migrants. Once an illegal alien is within the interior, his/her chances of escaping INS detection are high. In addition, with the help of these services, an illegal alien can readily obtain food, shelter, employment, financing, and legal counsel.

Further, labor unions have recently provided support to illegal aliens. Fearing adverse effects on wages and working

^{1/}76C 4268 (N.D. Ill. 1976).

^{2/}Franco and Warren [17], pp. 751-752.

^{3/}8 U.S.C. 1324(a) (1970).

^{4/}According to INS' 1976 Annual Report (pp. 14 and 177) [59], 465 smugglers were prosecuted in 1976.

conditions by the stream of illegal aliens, unions have begun organizing them to ensure against adverse, uncontrolled effects. The International Ladies Garment Workers Union and the United Farm Workers, for example, claim that leaving the undocumented workers unorganized threatens the job security and pay rates of legal workers. INS raids on factories employing illegal aliens have been viewed as disrupting unionizing efforts. The International Ladies Garment Workers Union has filed a suit in a Federal court in California to try to force restrictions on INS raids of garment factories. The suit charges that INS practices violate due process, privacy, and search and seizure rights.

The flow of illegal aliens has, at times, forced INS to trade off effectiveness for efficiency. In the West, for example, INS can grant "voluntary departure" to apprehended Mexican illegal aliens, 1/ thereby avoiding formal deportation proceedings and possible criminal prosecution. 2/ INS usually escorts illegal aliens given voluntary departure privileges to the border; many return again to the United States within a few days. 3/

As stated in the President's budget for fiscal year 1980: "Although enforcement is an important component * * *

1/According to one estimate, 95 percent of those apprehended are given voluntary departure. See Vernon M. Briggs, Jr. [1], "Illegal Mexican Immigration: The Role of Legislation," paper presented at the conference of the Southern Economic Association, Washington, D.C., November 10, 1978, p. 6.

2/INS' 1976 Annual Report [59] showed that while 875,915 aliens had been apprehended in that year, only 13,707 had been convicted for illegal entry and 499 had been convicted for reentry (pp. 14 and 177).

3/In 1976 INS experimented with a program of repatriating apprehended Mexican illegal aliens to the Mexican interior as a method of discouraging reentry to the United States. The results showed that repatriation of an illegal alien to the border was 4-1/2 times as likely to result in an illegal reentry as a repatriation to the interior of Mexico. The program, however, was abandoned due to its high cost and resistance from the Government of Mexico. For further details of the program, see INS, An Evaluation of the Cost Effectiveness of Repatriating Aliens to the Interior of Mexico [58], July 1977.

traditional enforcement techniques alone will not stem the flow of undocumented aliens." 1/

STATES' EMPLOYER SANCTIONS
LEGISLATION NOT ENFORCED

The Congress has been considering employer sanction legislation which would penalize employers who have "engaged in a pattern or practice of employing aliens * * *." Some States have enacted similar laws, including penalties, though enforcement has been virtually nonexistent. The legislation enacted by the States and their experiences encountered to date are described below.

States that have enacted employer sanctions legislation include California (1971), Connecticut (1972), Delaware (1976), Florida (1977), Kansas (1973), Maine (1977), Massachusetts (1976), Montana (1977), New Hampshire (1976), Vermont (1977), and Virginia (1977). The central theme of these laws is that "no employer shall knowingly employ an alien who is not entitled to lawful residence in the United States * * *." California and Delaware have added the condition: "* * * if such employment would have an adverse effect on lawful resident workers." Virginia, Florida, and Vermont have included language similar to the proposed Alien Adjustment and Employment Act of 1977: "No employer or any person acting as an agent for an employer shall knowingly recruit, solicit or refer for employment, or employ an illegal alien." The penalties for violation range up to a maximum of \$1,000 per offense and/or confinement of 1 year per offense. (See table 12.) To our knowledge, only Kansas has successfully prosecuted a case to date and imposed a fine of \$250.

Most of the States enacted their employer sanctions legislation after the U.S. Supreme Court ruled, in 1976, that California's legislation (California Labor Code Section 2805) was constitutional. Originally the California courts ruled section 2805 unconstitutional on the grounds that it was an attempt to regulate immigration, a right reserved to the Federal Government, and that the section was preempted by the Immigration and Nationality Act. The U.S. Supreme Court reversed the State court ruling. It found that section 2805 was not unconstitutional and was within a State's police power to protect lawfully employed workers within the State. While the Court upheld the statute, it mentioned the possibility of unconstitutional application, if it was construed

1/The Budget of the United States Government [2], fiscal year 1980, p. 279.

Table 12

State-Enacted Illegal Alien/Employer Sanctions Legislation

State	Statute	Year enacted	Penalties	Experience to date or Planned
California	California Labor Code, section 2805	1971	\$200 - \$500 per offense	None; injunction currently in effect awaiting outcome of pending Federal legislation
Connecticut	Connecticut General Statute, section 31-51K	1972	1st offense: \$200 - \$500 per offense; subsequent offenses: (max.) \$1,000 and/or 1 year's confinement	None; on one occasion local prosecutors failed to prosecute due to insufficient evidence
Delaware	Delaware Code Annotated, title 19, chapter 7, section 705	1976	\$200 - \$500 per offense	None
Florida	Florida Statute, section 448.09	1977	1st offense: (max.) \$500 regardless of the number of aliens involved; subsequent offenses: (max.) \$500 and/or 60 days confinement per offense	None
Kansas	K.S.A. 21-4409	1973	(Max.): \$500 and/or 1 month's confinement per offense	1977: Garden City, Kansas; fine \$250
Maine	Maine Revised Statutes Annotated, title 26, chapter 7, subchapter IX, section 871	1977	(Max.): \$500 and/or 6 months' confinement per offense	None
Massachusetts	Massachusetts Annotated Law, title XXI, chapter 149, section 19C	1976	\$200 - \$500 per offense	None; two prosecution cases pending
Montana	Montana Law, section 41-121	1977	(Max.): \$300 per offense	None
New Hampshire	New Hampshire Revised Statute 275-A:4-a	1976	Individuals: (max.) \$1,000 and/or 1 year's confinement, corporations and unincorporated associations: (max.) \$1,000 per offense	None
Vermont	Vermont State Statute, title 21, section 444a	1977	1st offense: \$100 - \$300 per offense; subsequent offenses: \$300 - \$750 per offense	None
Virginia	Virginia Code, section 40.1-11.1	1977	(Max.): \$1,000 and/or 1 year's confinement per offense	None; one attempt at prosecution failed as local prosecutor refused to prosecute due to insufficient evidence

to proscribe employment of aliens permitted to work in the United States but not "entitled to lawful residence."

In the meantime, the Superior Court in Los Angeles County stopped the enforcement of Labor Code Section 2805 by issuing an injunction. According to an official of the Division of Labor Standards Enforcement, California Department of Industrial Relations:

"There are no immediate prospects for lifting the injunction as it is our understanding that the Federal government is considering a comprehensive scheme that will pre-empt the states in this area."

Nevertheless, the U.S. Supreme Court ruling did pave the way for States to pass employer sanctions legislation.

Since the States with such laws have had very limited experience implementing them, there is little information on both the process and cost of such enforcement. Only Massachusetts, which has two prosecutions pending, was able to provide limited cost information. The entire process per case in Massachusetts is estimated to require 13 staff-days at a cost of about \$1,050, excluding benefits and overhead costs. (See table 13.) Further, a Massachusetts official indicated that any additional enforcement caseload resulting from this legislation would be absorbed at the prevailing staff level.

To the best of our knowledge, the remaining States are not planning enforcement of their employer sanctions legislation. The reasons vary: the illegal alien problem is not significant in those States; prosecution is up to the local officials; additional funds have not been allocated; and/or the States are awaiting pending Federal legislation.

The principal concerns in implementing any employer sanction legislation--Federal or State--are the possibilities of employer hiring discrimination and the problem of defining "knowingly" (in, for example, "* * * no employer shall knowingly employ an alien who is not entitled to lawful residence"). California requires that a prospective employee, declaring to be a U.S. citizen, sign a citizen declaration subject to the threat of prosecution for perjury. Aside from the issue of whether this threat would sufficiently deter an illegal alien, the employer is not exonerated from prosecution, according to the administrative code, even after having accepted the declaration in good faith. This apparent dilemma could provoke the employer to discriminate

Table 13

Massachusetts: Costs of Enforcing
Illegal Alien/Employer Sanctions Legislation

	<u>Total</u>	<u>Detection</u>	<u>Case preparation</u>	<u>Facts reviewed</u>	<u>Show cause hearing</u>	<u>Return of service</u>	<u>Court hearing</u>	<u>Wrap-up</u>
Department of Labor and Industry Inspector (including travel)	\$ 504	\$154	\$140	\$70	\$35	\$35	\$ 70	\$--
48 General Counsel	350	--	140	--	35	35	70	70
Clerk of the Court <u>a/</u>	15	--	--	--	15	--	--	--
District Court Judge <u>a/</u>	<u>181</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>21</u>	<u>160</u>	<u>--</u>
Total	\$1,050	\$154	\$280	\$70	\$85	\$91	\$300	\$70

a/Clerk of the Court and District Court Judge may be interchangeable in certain jurisdictions,
which may result in a reduced total cost.

simply for self-protection. To deal with these issues, such alternatives have been suggested as issuing a tamper-proof social security card to those entitled to work in the United States or distributing a national identity card which would be required by anyone seeking work or currently employed in the United States. 1/

SUMMARY AND CONCLUSIONS

The primary methods suggested for controlling the flow of illegal aliens are tightening enforcement techniques and imposing sanctions on employers who hire them. The former method would reduce the entry of illegal migrants coming across the United States-Mexican borders and through international airports; the latter would reduce the availability of jobs to undocumented workers.

The Departments of State (through consulates) and Justice (through INS) are mainly responsible for admitting and overseeing foreign nationals. INS' primary duties include detecting and preventing illegal entry and apprehending, detaining, and deporting foreign nationals who violate the immigration laws. These functions have met with some constraints, however, including restrictive court rulings and pressures from interest groups. With such constraints, it is uncertain as to how increases in the enforcement function can reduce the flow of illegal migrants.

Some States have enacted employer sanctions laws, though enforcement has been virtually nonexistent. The principal concerns in implementing such laws are the possibilities of employer-hiring discrimination and the problem of defining the term "knowingly" when legislation calls for sanctions against employers who "knowingly" employ an alien who is not entitled to lawful residence.

1/Neither approach, however, is free of problems. Questions have been raised about the impact on privacy. In addition, it would be difficult to design an effective identity card system which would be totally invulnerable to manipulation, tampering or forgery. Finally the administrative costs of maintaining an identification system for all legal residents would be considerable.

CHAPTER 5

ESTIMATING THE IMPACT OF ILLEGAL ALIENS

Like many national policy issues, there is limited organized data about illegal aliens and their impact on the U.S. economy. However, data has been gathered by different sources--Government agencies and academic researchers--on various aspects of the subject. To explore some of the issues and to use the available data, we developed a simple computer model that can organize the existing data, identify and quantify assumptions, and demonstrate the relationships between these assumptions. The model can then assess the impact of illegal aliens on the national economy, and, through manipulation of the inputs to the model, determine the general results of changing assumptions. While the model does not supply solutions, it can provide insights concerning the dynamics of the situation and possible future trends.

Like other policy-assisting models, our effort is designed to give policymakers and researchers a framework for organizing existing data and future research and to estimate the possible impact of differing social-economic conditions. Also, like other models, the accuracy and reliability of the model's outputs depend mainly on the reliability of the inputs. Our inputs are based on currently available data, mostly from the literature. Often only limited data is available and its accuracy is sometimes questionable due to the subject matter itself. In addition, research and data collection tend to concentrate on some issues, while ignoring others. Research designs and sampling techniques often vary significantly from one study to another. Our framework was developed so that a dialog can be started about specific data needs. As future research improves the inputs and assumptions to the model, the model's outputs of estimated impact will likewise improve. We have detailed our assumptions and designed our model so that inputs can be updated as additional, improved information becomes available.

USING A MARKOV PROCESS MODEL TO ESTIMATE THE IMPACT

The specific model we chose (a mathematical formulation called the Markov process) responds to suggested changes in major policies--such as increased enforcement and granting of amnesty--and to the actions of illegal aliens.

Many real-world situations involve making predictions about the changing state of some event. Often predictions cannot be made solely on the basis of assigning probabilities

to the occurrence of that event. Rather, predictions must be based on a model of the change from one state or condition to another. The Markov process is a probability model used in this application to project the movement of defined categories of people from one state (e.g., region, occupational category, and source country) to another. The model allows the analyst to establish distributions and change them over time.

An example of the Markov process model's usefulness can be illustrated by tracing the movement of illegal aliens from one job to another. A small number of well-defined categories must first be established. In this case, regions of residency and job categories were created. Data collected from various sources, all within the last 5 years, supplied the percentage figures (i.e., probabilities) for illegal aliens who moved from one region and job to another. By running the model 2 to 3 years into the future, using an annual iteration, it is possible to project where the job changing may occur and how many illegal aliens may be involved within a particular region. Job changing among regions can also be represented by the model. Two aspects of the model become clear at this point: a limited number of well-defined categories can be used, and the probabilities assigned to the base year must be well-founded if the generated projections are to be valid. (For a more detailed description of how the model operates, refer to app. I.)

The model is designed so that such categories as countries of origin, regions, and employment can be changed if future efforts deem it necessary. The model can handle up to eight country groups, eight regions, and eight employment categories. Given current data, the following categories are felt to be the most meaningful groupings at present.

1. Categories of country of origin:

In the model we divided the illegal alien population as originating from one of six country groups. Using World Bank classifications as a basis and grouping countries along the lines of similarities in their contributions to the U.S. illegal migrant population, we used the following groups:

- a. Mexico.
- b. Western Hemisphere, excluding Mexico (which includes Canada, South and Central America, and the Caribbean).
- c. Northern Europe (e.g., England and Germany).

- d. Southern Europe and the Middle East (e.g., Italy, Greece, and Iran).
- e. Africa.
- f. Southeast Asia (e.g., India, Korea, and the Philippines).

2. Regional distribution in the United States:

Once in the United States, each of the populations from the above country groups distributes themselves into one of five regions. Based on Bureau of the Census classifications, which are shown in parentheses, the regions used in the model include the following States:

- a. Northeast (New England and Mid-Atlantic): Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, Connecticut, New York, New Jersey, and Pennsylvania.
- b. North Central (East Central and West Central): Ohio, Indiana, Illinois, Michigan, Wisconsin, Minnesota, Iowa, Missouri, North Dakota, South Dakota, Nebraska, and Kansas.
- c. Southeast (South Atlantic and East South Central): Delaware, Maryland, District of Columbia, Virginia, West Virginia, North Carolina, South Carolina, Georgia, Florida, Kentucky, Tennessee, Alabama, and Mississippi.
- d. South Central and Mountain (West South Central and Mountain): Arkansas, Louisiana, Oklahoma, Texas, Montana, Idaho, Wyoming, Colorado, New Mexico, Arizona, Utah, and Nevada.
- e. West (Pacific): California, Oregon, Washington, Alaska, and Hawaii.

3. Categories of employment:

Additionally, once in a region the members of each group are either employed or not employed. The employment categories we used include:

- a. Agriculture.
- b. Services (e.g., domestics, restaurant workers, and gas station attendants).

- c. Construction.
- d. Industry (as work in factories; varying skill levels).
- e. Other (including professional and management positions).
- f. Not employed (those seeking or not seeking employment).

By the sheer fact that illegal aliens are illegal, little reliable hard data exists regarding their numbers, characteristics, and the like. However, the model calculates the probable short- and long-term effects of illegal aliens by extending current estimates or by using assumptions concerning probabilities. Such estimates include which alien groups enter the country, the regions in which they settle, where they attain employment, what Government services they receive, and how much they contribute in taxes. By varying the probabilities associated with these events, we can estimate the possible effects of policy changes, such as amnesty. The assumptions can be varied many times as more reliable information becomes available, to estimate the possible effects of different types of policies and to test the sensitivity of certain types of inputs.

To predict the possible impact of various future policies, we made estimates about the illegal alien population already in the United States, using existing information. Since most existing published data refers to samples of illegal aliens in the mid-1970s, our estimates reflect the illegal alien population circa 1976.

COUNTRIES OF ORIGIN AND REGIONS
OF RESIDENCE: ASSUMPTIONS

In the base year (1976), we estimated a total average annual illegal alien population of 6 million. (This figure appeared to be most frequently used in the literature and by INS.) Of this total, 60 percent (3.6 million) originated from Mexico, 30 percent (1.8 million) from the remaining countries of the Western Hemisphere, 1 percent (0.06 million) from Northern Europe, 4 percent (0.24 million) from the Middle East and Southern Europe, 1 percent (0.06 million) from Africa, and 4 percent (0.24 million) from Southeast Asia. 1/

1/Primarily based on the study by North and Houstoun [31], table III-5, p. 56. Sample size = 793.

Based on the assumption that illegal aliens from a particular country tend to (at least initially) move to a region where other members from their countries of origin reside, we divided the illegal alien population along the same percent distribution as legal immigrants in this country. 1/ (See table 14.)

Table 14

Estimated Distribution of the 6 Million Illegal Aliens Within the United States a/

	North- east (NE)	North Central (NC)	South- east (SE)	South Central & Mountain (SC&MT)	West (W)	Total
Mexico (M):%	0.7	9.4	0.8	35.2	53.9	100.0%
Est. number (millions)	0.025	0.338	0.029	1.267	1.941	3.60
Western Hemisphere, excl. Mexico (WH(M)):	38.5	9.9	31.9	3.9	15.8	100.0%
Est. number (millions)	0.693	0.178	0.574	0.071	0.284	1.80
Northern Europe (NE):%	32.7	20.0	13.6	9.0	24.7	100.0%
Est. number (millions)	0.020	0.012	0.008	0.005	0.015	0.06
Middle East/Southern Europe (ME/SE):%	70.3	16.9	4.8	1.7	6.3	100.0%
Est. number (millions)	0.169	0.041	0.011	0.004	0.015	0.24
Africa (A):%	70.3	16.9	4.8	1.7	6.3	100.0%
Est. number (millions)	0.042	0.010	0.003	0.001	0.004	0.06
Southeast Asia (SA):%	25.4	16.4	10.2	5.2	42.8	100.0%
Est. number (millions)	0.061	0.039	0.025	0.012	0.103	0.24

a/Based on figures for legal immigrants from representative country groups in the United States. Taken from the 1976 INS Annual Report [59].

WAGES EARNED BY ILLEGAL ALIENS: ASSUMPTIONS

Gross annual wages were estimated on the basis of the illegal alien gross weekly wage, by type of employment,

1/Data on legal aliens from representative countries by State tabulated from the 1976 INS Annual Report [59]. The distribution for Africa was assumed to be similar to that of the Middle East and Southern Europe (ME/SE) due to the proximity of the two geographic areas, since the INS report did not show a distribution of legal immigrants from Africa.

presented in the North and Houston study. 1/ Those weekly wages were first weighted based on INS wage information by region. 2/ Next, we assumed that a certain group of people--those from Mexico working in agriculture and those in construction working in the Northeast, North Central and Mountain, and Southeast regions--were likely to have difficulty finding employment during the cold weather, and, since they were near to the border, they were likely to return to Mexico 6 months out of the year. 3/ Once the annual wages were calculated (see table 15), they were adjusted to account for variations among country groups, on the basis of studies showing differential wage levels by origin. 4/

Table 15

Estimated Illegal Aliens' Average Weekly Wages
by Region and Type of Employment

Type of employment	National average weekly wage	Weighted variation by region					Weeks worked per year	
		East (NE)	North (NC)	South (SE)	South (SC&MT)	West (W)	Mexico	All others
Agriculture	\$110.57	1.15	1.09	0.86	0.86	1.03	26	52
Services	105.81	1.05	1.16	0.86	0.86	0.84	52	52
Construction	126.39	1.42	1.50	0.84	0.84	0.95	a/	52
Industry	118.43	1.03	1.47	0.85	0.85	0.81	52	52
Other b/	117.43	1.03	1.47	0.85	0.85	0.81	52	52

a/26 weeks in the Northeast, North Central, and Southeast regions; 52 weeks in others.

b/For lack of better data, the same weights as industry were used.

1/North and Houston [31], table V-14, p. 125.

2/Immigration and Naturalization Service [61], Estimated Number of Employed Illegal Aliens by Category of Employment and Wage Scale Ranges by I&NS Region, November 22, 1976.

3/This may be consistent with research findings that Mexican illegal aliens frequently return to Mexico.

4/The North and Houston study [31], for instance, showed that the average weekly wage for apprehended illegal aliens was \$117, compared with \$106 for the Mexican group, \$127 for illegal aliens from the remaining countries of the Western Hemisphere, and \$195 for the Eastern Hemisphere group. Table IV-5, p. 80, and table V-14, p. 125.

EMPLOYMENT DISTRIBUTION OF
ILLEGAL ALIENS: ASSUMPTIONS

The illegal alien population in the United States was then divided into percentages employed and not employed, as shown in table 16.

Table 16

Percent of Illegal Aliens Estimated To Be Employed
and Not Employed by Country Group and Region a/

<u>Country group</u>	<u>North- east (NE)</u>	<u>North Central (NC)</u>	<u>South- east (SE)</u>	<u>South Central & Mountain (SC&MT)</u>	<u>West (W)</u>
Mexico (M):					
Employed	56.2%	68.0%	71.8%	71.8%	64.7%
Not employed	43.8	32.0	28.2	28.2	35.3
Western Hemi- sphere, excluding Mexico (WH(M)):					
Employed	55.0	63.0	76.0	76.0	58.6
Not employed	45.0	37.0	24.0	24.0	41.4
Each Eastern Hemisphere category:					
Employed	54.5	55.6	72.7	72.7	60.0
Not employed	45.5	44.4	27.3	27.3	40.0

a/Based on Immigration and Naturalization Service [62], Estimated Total Number of Illegal Aliens and Employed Illegal Aliens By I&NS District, November 22, 1976. Assumes that INS' classification of East reflects our classification of Northeast (NE), Central is North Central (NC), South is Southeast (SE) and South Central and Mountain (SC&MT), and West is similar to our category of West (W).

The employed illegal aliens within each region were then distributed into types of jobs, as presented in table 17.

Table 17

Estimated Percent Distribution by Type of Work a/

<u>Country group</u>	<u>Agri-culture</u>	<u>Services</u>	<u>Con-struction</u>	<u>Industry</u>	<u>Other</u>
Mexico (M)	38.7%	14.6%	10.7%	35.6%	0.4%
Western Hemisphere, excluding Mexico (WH(M))	3.8	17.0	7.7	71.0	0.5
Each Eastern Hemisphere category	1.3	18.6	14.7	62.7	2.7

a/The WH(M) and Eastern Hemisphere distributions were based on the North and Houston study [31] (table V-7, p. 113). The Mexican employment distribution represents an average of four study results: those of Wayne Cornelius [10], North and Houston [31], the Southwest Border Regional Commission [36], and INS [61] (presented in ch. 2 of this report).

As discussed in previous chapters, there is disagreement as to whether illegal aliens displace legal residents from the work force or augment it. No estimates seem to be available that specify the extent of displacement, if any. To begin a dialog as to what displacement may be occurring, we tested several assumptions as follows: (1) for every job an illegal alien takes, one legal worker is replaced (i.e., 100-percent displacement), (2) for every two employed illegal aliens, one legal worker is replaced (50-percent displacement), (3) employed illegal aliens do not displace any legal workers (0 displacement), and (4) displacement may vary by type of occupation. In the latter case, we feel that the employees' skill levels and the supply and demand for different types of jobs may influence displacement. We therefore assumed that there would be no displacement in the agricultural sector since the labor is unskilled and would probably mechanize without the availability of low-cost labor; displacement in service jobs should be very low (10 percent) since demand should be plentiful and labor unskilled; a mild displacement factor (50 percent) may exist in construction and industry jobs due to the wide range of skill levels and demand requirements; and a high (80 percent) displacement for jobs classified as "other," since this group includes professional and management level jobs.

GOVERNMENT COSTS FOR BENEFITS:
ASSUMPTIONS AND ESTIMATES

The amount of government-support benefits that illegal aliens receive is probably the most difficult estimate in the model. While various researchers address the percent of illegal aliens receiving social services or the total program dollars spent in any one locale or year, we have not found any per person estimate of Federal, State, and local expenditures for services.

To begin a discussion of the types and amounts of government benefits, we estimated the financial impact of illegal aliens on the basis of total government expenditures in 1976-77. 1/ These expenditures included costs for such services as education, libraries, highways, public welfare, and fire and police protection. We excluded certain categories of expenditures from the total (e.g., defense, space research and technology, interest on the national debt, and Federal expenditures on natural resources) on the assumption that the size of the illegal alien population is not likely to affect their funding. We then divided the remaining categories into two groups: public services and social services. Public services include community support functions, as police and fire protection, sanitation, sewerage, and housing and urban renewal. Social services include expenditures for education, hospitals, public welfare, and unemployment compensation. We did not include an estimate of the cost of possible unemployment or lowered wages caused by illegal aliens, since little empirical data exist on which to base such estimates.

For public service categories, we derived a per capita expenditure estimate of \$535. 2/ Although illegal aliens may not use certain items of cost at the same level as the legal population--as highways and libraries--these categories are often provided on the basis of population size and/or potential users.

1/Bureau of the Census [55], Governmental Finances in 1976-77, GP77, no. 5, November 1978, table 11, p. 28.

2/The marginal costs required for supporting "x" number of people added to the base population--as 6 million illegal migrants--may possibly be different from the per capita costs. However, the estimation of marginal costs may provide even rougher estimates than the per capita costs at this time.

Available data indicate that participation in social service programs by illegal aliens is low. To obtain an expected cost per illegal alien, we multiplied the dollar expenditures per recipient in 1976-77 1/ by the estimated percent of illegal aliens using each social service program or

Percent of population using program	x	program cost per recipient	=	expected social service cost per illegal alien
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The calculated results total \$250 per illegal alien. Government expenditures, then, were estimated to be \$785 per illegal alien. 2/

TAX REVENUES:
ASSUMPTIONS AND ESTIMATES

Data collected by researchers indicates that about 64 to 73 percent of all illegal alien workers pay Federal income taxes and 65 to 88 percent pay social security taxes. Very little data exists about the estimated amounts of Federal, State, and local taxes paid per worker.

In this study, we estimated Federal tax revenues using two sets of assumptions. In the first set, we assumed that 73 percent of the employed illegal aliens were single and paid Federal income taxes for workers claiming one exemption. In addition, 77 percent paid social security taxes--5.85 percent of gross annual wages paid by employers and an equal amount withheld from the employees. 3/ The second set of assumptions reflect the same amount of social security payments, but a certain amount of abuse in paying of income taxes. Since workers in agriculture and domestic labor are not required to have income taxes withheld, we assumed that they do not pay them. Additionally, the amount of estimated income taxes paid by workers in construction and industry were reduced by 50 percent, based on the assumption that they may claim a

1/Data derived from the Budget of the United States Government, 1978 [2].

2/This figure is of a tenuous nature, representing our best estimate from available data.

3/The assumptions of 73 and 77 percent paying taxes are based on the study by North and Houston [31], p. 142. Social security taxes have been increased, but we used the 5.85 percent figure in our model.

large number of exemptions. In addition, we estimated that workers contributed to Federal sales receipts and current charges (which include such items as taxes on motor fuels, alcoholic beverages, and tobacco) on the order of 15 percent of their combined Federal income and social security tax payments 1/ (using the higher tax payments specified in the first set of assumptions).

State and local tax revenues were similarly estimated as a percent of workers' Federal income and social security tax payments. Using the same Government finance data, we determined that workers contributed amounts equal to 11.7 percent of Federal income and social security taxes to State income taxes, and 62.1 percent to all other State and local taxes (e.g., property, sales, and liquor). We assumed that if workers were paying Federal income taxes, they would pay State income taxes (the first set of assumptions) and that if there were Federal income tax abuse, there would also be State tax abuse.

EARNINGS SENT TO
FOREIGN COUNTRIES: ASSUMPTIONS

Illegal aliens send, or take back on returning, some of their earnings to their countries of origin. Basically, in our study, we used the North and Houston estimated earnings sent to foreign countries: \$129 per month (or \$1,548 annually) per Mexican illegal alien, \$76 per month (\$912 annually) per Western Hemisphere (excluding Mexico) illegal alien, and \$37 per month (\$444 annually) per Eastern Hemisphere illegal alien. 2/ We varied the amount returned to Mexico, however, to account for our earlier assumption that illegal migrants in certain employment categories do not work year round. We therefore estimated that Mexican illegal aliens employed in agriculture and those in construction in the Northeast, North Central, and Southeast regions sent \$774 per person annually to Mexico (\$129 per month times 6 months) plus take back \$196 each when they return to Mexico. 3/ Each illegal alien not employed likewise takes \$196 back to Mexico. The result is a considerably lower estimate of dollars

1/Based on revenue data in Governmental Finances in 1976-77 [55], table 5, p. 19.

2/North and Houston [31], table IV-5, p. 80.

3/Cornelius [10] estimated that 65 percent of the illegal aliens returning to Mexico took back an average of \$301, p. 46.

exported than would otherwise be derived by using the \$129 per month per person factor.

ESTIMATING THE IMPACT OF ILLEGAL ALIENS
USING THE BASE YEAR ASSUMPTIONS

To illustrate the types of estimates that could be generated from the above type of data, the model was first run using the above assumptions for the base year. We calculated the probable impact of illegal aliens on the United States in 1976, given reasonable accuracy of the assumptions. Using the average of 6 million illegal aliens (by country group, region, and employment category), the model computed the estimates listed in table 18.

Table 18

Estimated Impact of Illegal Aliens: Base Year 1976 a/

Region	Illegal migrants		Gross income received	Tax contributions		Gov-ernment benefits	Currency exported
	Total	Employed		Maximum	Minimum		
-----millions-----							
Northeast	1.0	0.5	\$4,518	\$1,456	\$1,194	\$ 793	\$ 781
North Central	0.6	0.4	3,124	1,022	847	485	519
Southeast	0.7	0.5	2,808	770	659	510	573
South Central & Mountain	1.4	1.0	3,861	914	806	1,068	1,350
West	<u>2.4</u>	<u>1.5</u>	<u>6,505</u>	<u>1,575</u>	<u>1,384</u>	<u>1,854</u>	<u>2,117</u>
Total	6.0	3.9	\$20,816	\$5,737	\$4,890	\$4,710	\$5,340

a/Columns may not add due to rounding.

The average estimated gross annual income per employed illegal migrant was \$5,300. The calculated difference by regions, however, was significant; incomes in the Northeast and North Central regions were more than double those in the South Central and Mountain region, as shown in table 19.

Table 19

Estimated Average Gross Annual Income:
Base Year 1976

<u>Region</u>	<u>Per total illegal migrant</u>	<u>Per employed illegal migrant</u>
Northeast	\$4,475	\$8,155
North Central	5,055	7,810
Southeast	4,320	5,720
South Central & Mountain	2,840	3,940
West	2,755	4,325
Average	\$3,470	\$5,300

The South Central and Mountain and Western States have a larger illegal migrant population than the Northeast and North Central States, and a larger proportion of the illegal aliens are from Mexico. These illegal aliens tend to be employed in agriculture and services (jobs that earn lower wages). Wages in the West and South, then, are generally lower than those in the East and North.

As some researchers estimated, a sizable amount of tax revenues is generated from the employed illegal alien group. Our model calculated that between \$4.9 billion and \$5.7 billion had been collected through taxes, or about \$815 to \$955 per illegal alien, in base year 1976. Nationally, however, government services cost \$4.7 billion. Taxes, then, exceeded expenditures by \$0.2 to \$1.0 billion. This net revenue does not include any costs (as public welfare and unemployment compensation) that may be incurred by the Government as a result of the displacement of legal workers, if any.

An additional significant factor that requires in-depth research and study is the amount of currency exported and its

effects on the overall balance of payments. 1/ In our analysis, we estimated a currency export of \$5.3 billion in 1976. As stated previously, we used assumptions for the Mexican illegal alien population that may be conservative. On the other hand, it may be argued that money sent to foreign countries (such as Mexico) returns to the United States in the form of purchased goods, thus partially offsetting the initial direct effect. Of the \$5.3 billion, \$3.4 billion was calculated to be exported to Mexico, \$1.6 billion to the remaining countries of the Western Hemisphere, and \$0.3 billion to the Eastern Hemisphere.

As pointed out previously, we estimated job displacements using four varying rates, ranging from the assumption that every job an illegal alien takes displaces a legal worker to the assumption that the United States needs the additional labor and there is no displacement. Using these rates, the calculated number of jobs that may be taken away from legal workers ranges from 0 to 3.9 million, as shown in table 20.

There appears to be a large variation by region. On the whole, illegal aliens in the North and East earn the highest average income of all illegal aliens, contribute more in taxes than they receive in government benefits, and may cause the most displacement. The West and South, on the other hand, attract illegal aliens from Mexico who generally earn lower wages, receive more in benefits than they pay in taxes, and may cause less displacement.

SUMMARY AND CONCLUSIONS

To explore some of the issues relating to illegal aliens, we developed a simple computer model, a mathematical formulation called a Markov process. The model is a framework for organizing existing data, identifying and quantifying assumptions, demonstrating the relationships among these assumptions, and estimating the impact of illegal aliens on the national economy.

1/In addition, the illegal alien impact on the balance of trade should be studied further. The availability of low-wage workers, for example, may make the United States more competitive with foreign production than would otherwise be the case. This may permit U.S. production of goods which would otherwise be imported or increase exports of goods for which the United States already holds a competitive advantage.

Table 20

Estimated Job Displacement
by Occupational Categories:
Base Year 1976

<u>Occupational category</u>	<u>Based on Differing Rates of Displacement</u>			
	<u>100%</u>	<u>50%</u>	<u>None</u>	<u>Variable a/</u>
	------(millions)-----			
Agriculture	1.0	0.5	0	0
Services	0.6	0.3	0	0.1
Construction	0.4	0.2	0	0.2
Industry	1.9	1.0	0	0.9
Other	<u>b/</u>	<u>b/</u>	0	<u>b/</u>
Total	3.9	2.0	0	1.2

a/Assumes the following rates: 0 percent in agriculture, 10 percent in services, 50 percent in construction and industry, and 80 percent in other.

b/Less than one-half of 1 percent.

Like other policy-assisting models, the accuracy and reliability of the outputs of such a model depend mainly on the reliability of the inputs. Our inputs are based on currently available data, much of which is scanty and not highly accurate. The framework was developed so that a dialog can begin as to what issues may be pertinent in studying the impact of illegal aliens and so that future research can be aimed at improving the model and its inputs and assumptions.

In the base year of the study (1976), we used a total average annual illegal alien population of 6 million, 60 percent of which originated from Mexico, 30 percent from the remaining countries of the Western Hemisphere, and 10 percent from the Eastern Hemisphere. Based on such estimates as where they settle in the United States and their employment distributions, wage rates, taxes paid, and revenues returned to their countries of origin, the model calculated the probable impact of illegal aliens.

In brief, the model calculated that more revenues had been collected through government taxes than had been spent on government services for illegal aliens. The difference between revenues and expenditures does not include any costs (as public welfare or unemployment compensation) that may have been incurred due to the displacement of legal workers, if any. A substantial amount of currency has been exported to foreign countries. And a substantial variation appeared to exist between regions. For example, illegal aliens in the North and East were estimated to have earned the highest average income of the total illegal alien group, contributed more in revenues than received in benefits, and possibly created job displacements; the illegal aliens in the South and West earned lower wages, received more in government benefits than they paid in taxes, and possibly caused less displacement.

The assumptions in the model can be varied many times. For example, as more reliable data becomes available, the model can estimate the possible effects of different types of assumptions and to test the sensitivity of certain types of inputs.

CHAPTER 6

PROJECTED FORECASTS THROUGH 1991

WITH AND WITHOUT AMNESTY

The Markov model can also calculate the possible long-term effects of illegal aliens in the United States, given a particular set of criteria (such as Government policies, methods of enforcement, and availability of jobs). By making a few additional assumptions, we projected the estimated impact of undocumented workers over a 15-year period given two different policy options: a no-change policy and the granting of amnesty. Projections of any number of additional options may be made by similarly making assumptions about the likelihood of certain events.

The actual numbers projected in this study cannot be interpreted in absolute terms but as trends of what may happen under different policies. Since the projections are based on scarce data from the past few years, it is difficult to determine if illegal migration, at present, represents a growing trend or if it represents a short-term burst that will diminish within the next few years. Data from before 1970 is needed to balance the available scanty information taken from a period of rapid increases in illegal migration. We hope the projections will promote a dialog regarding the possible impact of illegal aliens and improve the research required for making better estimates.

Since the model can use only quantifiable measures, such qualitative factors as environmental, social, and humanitarian variables, which are difficult to quantify, are not included. In addition, while the impact of illegal aliens on such economic measures as the gross national product can be handled by the model, they have not been estimated at this time.

POSSIBLE IMPACT OF MAINTAINING THE STATUS QUO

The model was used to compute the long-term effects of illegal migration based on a no-change policy. In this variation, no change was assumed to occur in the near future in U.S. policy or such methods of operations as enforcement, the availability of jobs in the United States, or conditions of the sending countries. To do this, assumptions were made about expected changes among the alien groups already in the United States in the base year (1976) and about additional new entrants from those country groups.

Illegal aliens, for our study purposes, were assumed to locate initially in the same regions as legal immigrants from their countries of origin. Using INS data 1/ on the declared residency of legal aliens from representative country groups by State, we assumed that illegal aliens located in the same regions when they entered, as shown in table 21.

Table 21

Initial Distribution of Aliens
by Country Group and Region

<u>Country of origin</u>	<u>North- east</u>	<u>North Central</u>	<u>South- east</u>	<u>South Central & Mountain</u>	<u>West</u>
Mexico	0.7%	9.4%	0.8%	35.2%	53.9%
Western Hemisphere, excluding Mexico	38.5	9.9	31.9	3.9	15.8
Northern Europe	32.7	20.0	13.6	9.0	24.7
Middle East/ Southern Europe	70.3	16.9	4.8	1.7	6.3
Africa <u>a/</u>	70.3	16.9	4.8	1.7	6.3
Southeast Asia	25.4	16.4	10.2	5.2	42.8

a/The INS data does not contain distribution of immigrants from Africa. The same distribution as the Middle East/Southern Europe is used due to their geographical proximities to each other.

Once they are here, the movement of illegal aliens from one region to another is likewise based on changes in the legal immigrant population. Table 22 shows the annual (percentage) regional shifts assumed for illegal migrants, using INS data.

1/INS [59], 1976 Annual Report.

Table 22

Percent Annual Regional Shifts
by Country Group a/

<u>From</u>	<u>To b/</u>				
	<u>North- east</u>	<u>North Central</u>	<u>South- east</u>	<u>South Central & Mountain</u>	<u>West</u>
Mexico:					
South Central & Mountain	0.1%	0.1%	--	(-0.6)%	0.4%
Western Hemisphere, excluding Mexico:					
Northeast	(-2.0)	--	1.6%	--	0.4
North Central	--	(-0.2)	--	0.2	--
Northern Europe:					
Northeast	(-0.7)	--	0.1	0.6	--
North Central	--	(-0.4)	--	--	0.4
Middle East & Southern Europe:					
Northeast	(-0.7)	0.4	0.1	0.1	0.1
Africa:					
Northeast	(-0.7)	0.4	0.1	0.1	0.1
Southeast Asia:					
North Central	(-0.7)	0.4	--	0.3	--
West	--	--	(-0.1)	--	0.1

a/Based on data from INS Annual Reports [59] for legal aliens from representative country groups in the United States.

b/The numbers in parentheses reflect percent declines from one year to the next in that particular region. Numbers were rounded to equal zero.

There is a lack of concrete data on the likelihood of apprehensions, attempts to reenter, and natural increases in the illegal alien population. For initial projection purposes (until better information becomes available), we made the following assumptions about illegal aliens originating from all country groups.

1. Of the illegal aliens already in the United States:

--3.7 percent are apprehended and forced to leave each year. 1/

--60 percent of those forced to leave subsequently return to the United States. 2/

2. Within each country group:

--Additional illegal migrants attempt to enter the United States at the rate of 5 or 7.5 percent each year. 3/

1/A conservative estimate based on the rough calculation that INS apprehended about 223,700 illegal aliens in 1976 from the interior of the United States, out of a 6 million illegal alien population. INS [60], Deportable Aliens Located by Length of Time in the United States, Fiscal Year 1976.

2/Officials and researchers have reported that many apprehended illegal migrants are repeat offenders; so 60 percent may be a conservative estimate. Further, since only 3.7 percent are forced to leave, the 60 percent return rate equals only 2.2 percent of the total illegal alien population.

3/Cornelius [10] cited two estimates of illegal migration (pp. 12-13): David Heer estimated the net flow of illegal Mexican migrants at 82,000 to 130,000 per year; the Carter administration estimated that a total illegal alien population of 3 million to 5 million is growing by about 500,000 per year. The first estimate represents a 2.3 to 3.6 percent annual growth rate on the basis of 3.6 million Mexican illegal aliens; the Carter administration estimate represents a 10 to 17 percent annual growth rate for all illegal migrants. A 5-percent entry rate results in a net growth rate of about 3.1 percent after taking into account border and interior apprehensions. Using these rates results in about 6 percent of Mexico's population being in the United States from 1976 to 1991. The 10- to 17-percent annual growth rate, on the other hand, increases the percent of Mexico's population in the United States from about 6 percent in 1976 to roughly 15 to 39 percent in 1991, which seems highly unlikely. However, given that the Carter administration estimate is higher than Heer's, we also used a 7.5-percent entry rate, which results in about 8 percent of Mexico's population being in the United States by 1991.

--25 percent of the new entrants from Mexico and 10 percent of the new entrants from other countries are likely to be apprehended at or close to the border. 1/

--60 percent of those apprehended at or close to the border are likely to reenter successfully. 2/

All remaining variables--such as amounts of government services required, taxes paid, and currency exported--were estimated in the same way as for the base year 1976. All currency projections represent constant 1976 dollars. We did not project job displacements due to the particular softness of the data.

Projections based on the above assumptions show that, given no changes in U.S. policy, methods of operation, or conditions of the source countries, the illegal alien population would grow from 6 million in 1976 to between 9.5 million to 13.2 million in 1991 (assuming variable annual entry rates of 5 percent and 7.5 percent, respectively), as shown in table 23. Employed illegal aliens would increase by 2.3 million to 4.8 million--from 3.9 million in 1976 to 6.2 million to 8.7 million in 1991.

Table 23

Estimated Total and Employed Illegal Aliens

<u>Year</u>	<u>Assuming a 5-percent annual entry rate</u>		<u>Assuming a 7.5-percent annual entry rate</u>	
	<u>Total</u>	<u>Employed</u>	<u>Total</u>	<u>Employed</u>
	------(millions)-----			
1976	6.0	3.9	6.0	3.9
1981	7.0	4.6	7.8	5.1
1986	8.1	5.3	10.1	6.7
1991	9.5	6.2	13.2	8.7

1/This is primarily due to the fact that enforcement is more heavily concentrated at points of entry and particularly at the United State-Mexico border.

2/Officials and researchers have reported that many illegal aliens who are apprehended at or close to the border are repeat offenders. In that case, a 60-percent estimate may be conservative.

Tax revenues should rise, but so should government expenditures for services. Tax revenues, however, should continue to exceed expenditures for services, as shown in table 24, if costs of job displacement are not considered.

Table 24

Estimated Government Revenues and Expenditures

Year	Assuming a 5-percent annual entry rate			Assuming a 7.5-percent annual entry rate		
	Revenues	Expenditures	Net a/	Revenues	Expenditures	Net a/
------(billions)-----						
High taxes:						
1976	\$5.7	\$4.7	\$1.0	\$5.7	\$4.7	\$1.0
1981	6.7	5.5	1.2	7.4	6.1	1.3
1986	7.8	6.4	1.4	9.7	8.0	1.7
1991	9.0	7.4	1.6	12.7	10.4	2.3
Low taxes:						
1976	4.9	4.7	0.2	4.9	4.7	0.2
1981	5.7	5.5	0.2	6.3	6.1	0.2
1986	6.6	6.4	0.2	8.3	8.0	0.3
1991	7.7	7.4	0.3	10.8	10.4	0.4

a/Expenditures resulting from possible displacement of U.S. workers by illegal aliens, in any, are not included.

The net government income in 1991 (i.e., taxes received less the costs of services) would range from \$0.3 billion (assuming a 5-percent entry rate and low tax payments) to \$2.3 billion (based on a 7.5-percent entry rate and high tax payments). Government expenditures incurred by displaced legal workers, if any, are likely to use these net revenues.

Net revenues may vary by region. In 1991, for instance, the North and East may derive greater revenues than they would spend in services, while the West is likely to incur greater expenditures than it would generate in revenues, as shown in table 25.

Table 25

Projected Tax Revenues Less Expenditures
by Region in 1991

<u>Region</u>	<u>Assuming a 5-percent annual entry rate</u>		<u>Assuming a 7.5-percent annual entry rate</u>	
	<u>Low Taxes</u>	<u>High Taxes</u>	<u>Low Taxes</u>	<u>High Taxes</u>
	------(billions)-----			
Northeast	\$0.6	\$1.0	\$0.8	\$1.4
North Central	0.6	0.9	0.8	1.2
Southeast	0.3	0.5	0.4	0.7
South Central & Mountain	-0.4	-0.2	-0.5	-0.3
West	-0.8	-0.4	-1.0	-0.6

The amount of currency export would continue to be an important factor--increasing to between \$8.4 billion to \$11.7 billion in 1991, as illustrated in table 26. Of this total, 64 percent would be exported to Mexico, 32 percent to the remaining countries of the Western Hemisphere, and 4 percent to the Eastern Hemisphere.

Table 26

Estimated Currency Export by Illegal Aliens

<u>Year</u>	<u>Assuming a 5-percent annual entry rate</u>	<u>Assuming a 7.5-percent annual entry rate</u>
	------(billions)-----	
1976	\$5.3	\$5.3
1981	6.2	6.9
1986	7.2	9.0
1991	8.4	11.7

POSSIBLE EFFECTS OF AMNESTY

President Carter's proposal to grant amnesty (permanent and temporary) to certain groups of illegal aliens is viewed as a second alternative in dealing with the issue of illegal aliens in the United States. It is assumed that amnesty, if granted, would take effect in 1981. To illustrate the possible effects of amnesty, we varied the status quo assumptions beginning in 1981.

Rather than make assumptions about each of six country groups, we divided the total illegal alien population into three categories. The three categories and their estimated numbers are:

1. Permanent resident aliens: 765,000.
2. Temporary resident aliens: 5 million.
3. Deportable aliens: 1.2 or 2.0 million.

The first two assumptions are based on INS estimates; the number of deportable aliens is derived from our former model projections of maintaining the status quo to 1981 (using either a 5- or 7.5-percent entry rate) less 5.765 million who would qualify for amnesty (permanent and temporary aliens).

The assumptions we made about each category include the following:

1. Those who would qualify for permanent resident alien status (765,000):
 - In actuality, this group would no longer be illegal migrants; however, for the sake of estimating the possible impact of the proposal, we will continue to include them in our discussion.
 - None would be deported. In addition, based on the estimate that they supported an average of 4.6 persons abroad, 1/ we assumed that they would each bring two immediate relatives to the United States who would not be subject to the numerical limitations. 2/ This would take effect after they became naturalized (5 years after the effective date of permanent status). Other than immediate relatives would not cause an increase to the U.S. population; however, they might displace other persons from the same countries who would be attempting to enter legally using the immigration quota system. Of the immediate relatives, we estimated that about 0.2 million would be spouses, 0.4 million children,

1/The 4.6 estimate was derived from the study by David North and Marion Houstoun [31].

2/Immediate relatives include parents, spouses, and children under age 21.

and 0.9 million parents. 1,2/ We also assumed an additional 2-percent annual growth rate due to the increased likelihood of their establishing families in the United States. 3/

--They would maintain the same overall regional distribution as in the base year.

--Their unemployment rate would increase slightly (since they would now be eligible for social services and unemployment compensation) and general working conditions would likely improve. We assumed that 40 percent would not be employed (a high unemployment rate for the regions currently assumed to exist for the Western Hemisphere, excluding Mexico, and Eastern Hemisphere groups). We also assumed that some of the immediate relatives coming into the United States (50 percent of the spouses, 90 percent of the children, and 75 percent of the parents) and all the additional children born in this country would not be employed. Of

1/Spouses: (47.4 percent are married) - (17.0 percent have spouses in the United States) = 30.4 percent. (30.4 percent spouses abroad)(765,000) = 232,560.

Children: (48.0 percent have children) - (12.7 percent have children in the United States) = 35.3 percent. (35.3 percent have children abroad)(765,000) = 270,045 have children abroad. (270,045) (1.6 children per illegal alien) = 432,072.

Spouses and children = 664,632.

If 2 of the 4.6 dependents abroad immigrate to the United States, then (1,530,000) - (664,632) = 865,368 parents (or 1.1 parent per illegal alien).

Based on the North and Houston study [31], pp. 77, 78, and 82.

2/We did not include in our estimate such possible additional growths as spouses bringing in their parents or parents bringing in their unmarried children under 21; people who would also be exempt from the numerical limits.

3/Based on 1970 census data, first and second generation Mexican-Americans between the ages of 20 and 29 have an average of 2.2 times more children than other Americans. In 1970 the U.S. population grew by 0.9 percent. Mary G. Powers [33], "Differential Fertility of Ethnic Groups in the United States," testimony before the U.S. House of Representatives, Select Committee on Population, April 5, 1978.

those who would be employed, we used the Western Hemisphere, excluding Mexico, distribution since it represented an improvement over the Mexican illegal alien distribution but not a radical overall change.

--Wages would likely improve also due to such factors as demands for equality. We therefore assumed the same wage scales as currently estimated for the illegal alien group from the Eastern Hemisphere. 1/

--In computing their tax contributions, we assumed all employed workers would pay the required amounts. Since they would be able to claim spouses, children, and dependent parents on their tax returns, we computed their income tax contributions using the married schedule for workers claiming four exemptions.

--The estimated per capita social service expenditures were adjusted to \$950 to reflect the fact that permanent resident aliens would qualify for welfare, health benefits, and unemployment compensation and would be more likely to have children in school. Estimates of public service expenditures remained the same as in the status quo (\$535 per person). Total government expenditures thus totaled about \$1,485 per person.

--It was assumed that these people were too young to retire by 1991, so they would not receive social security benefits. In the long-term, however, such payments must be taken into account.

1/If the permanent resident aliens and their families follow the pattern of legal immigrant groups in the past, their wages would likely improve in future generations.

--A currency export rate of \$890 for each of the 765,000 persons receiving permanent residency status was assumed; the current average rate for all illegal aliens. 1/

2. Those who would qualify for temporary resident alien status (5 million):

--Their immigration status, under the present amnesty proposal, would be determined at the end of a 5-year period. They could either be deported, granted permanent residency, or left in their temporary status. We assumed that permanent residency would be unlikely due to political considerations, and mass deportation would be unlikely due to humanitarian, international, and logistical reasons. We therefore assumed that they would be maintained in a temporary status for an additional 5 years, until 1991, at a minimum.

--It is estimated that many illegal aliens currently in the United States left their spouses and children in their home countries. Given that they would be able to legally remain and work in this country for at least 5 years, they would likely bring their families. In such a situation, the spouses and children may either be allowed temporary residency or they may migrate illegally. If they came illegally, it is unlikely that they would be apprehended and deported. We therefore classified them as an addition to the temporary residency population. We estimated that 1.5 million spouses and 2.8 million children would enter the United

1/Illegal aliens are estimated to support an average of 4.6 dependents. We assumed that the population receiving permanent residency status would bring an average of 2 immediate relatives to the United States. We also assumed that none of the newly arrived relatives (spouses, children, and parents) would send money abroad. Currency may continue to be exported by the 765,000 persons receiving permanent residency status, primarily to the family members remaining abroad and to the families of the immigrating spouses. Further by earning higher wages, they may be in a better financial position to help other relatives.

States. 1/ Additionally, we assumed that the temporary resident group would grow by 2 percent annually as they would be more likely to establish families.

--The same overall regional distribution was used as in the base year.

--Their rate of employment would likely be higher than currently due to their legalized status. We therefore estimated that 70 percent of the aliens receiving temporary residency status, 50 percent of the spouses migrating to join them, and 10 percent of the migrating children would be employed. Those who were employed would have the same employment distribution as the Western Hemisphere, excluding Mexico, group; a distribution of better jobs and wages than those currently assumed for Mexican illegal aliens and lower than those of the Eastern Hemisphere group.

--We assumed that all workers would pay taxes. However, as they would likely claim spouses and children as dependents, we computed their Federal income taxes for workers using the married schedule and claiming three exemptions.

--We used the same public service expenditure as previously (\$535 per person) and a slightly higher social service burden (\$725) than the illegal alien group currently. It was assumed that this group would continue to not qualify for welfare and unemployment compensation. Per capita health and hospital benefits for the total U.S. population were used since it is improbable that these migrants would be allowed to remain and work in the United States and be denied health care. Educa-

1/Spouses: (47.4 percent were married) - (17 percent had spouses in the United States) = 30.4 percent. (30.4 percent spouses abroad)(5 million) = 1.52 million.
Children: (48.0 percent had children) - (12.7 percent had children in the United States) = 35.3 percent. (35.3 percent had children abroad) (5 million) = 1.765 million had children abroad. (1.765 million)(1.6 children per illegal alien) = 2.824 million.
Spouses and children = 4.344 million.
Based on the North and Houston study [31], pp. 77, 78, and 82.

tional expenditures were also increased to the per capita rate as more children are expected to be enrolled in schools. In addition, social security payments have not been included since this group would be too young to retire by 1991. Government expenditures thus totaled \$1,260 per person.

--A currency export rate of \$890 for each of the 5 million temporary residents was assumed for the same reasons outlined under the assumptions for permanent resident status.

3. Those who entered the United States after January 1, 1977, would continue to be deportable. The number of deportable aliens in 1981 would depend on the growth rate of the illegal alien population during 1976-81. Using the status quo projections, deportable aliens would equal 1.2 million using a 5-percent entry rate and 2.0 million using a 7.5-percent entry rate. For those who would continue to be deportable:

--We assumed that this group would be similar in their occupational and overall regional distributions to the illegal aliens currently in the United States.

--Wages were also assumed to be the same as in the base year; figures that are slightly higher than currently assumed for the Mexican group but considerably lower than for those receiving permanent and temporary residency status.

--Taxes were computed similarly to the status quo projections, using the assumptions of high tax abuse. We felt that aliens who continued to enter the United States, in spite of increased apprehension efforts, would be more likely to not pay income tax in order to avoid detection and to earn the maximum amount of income in the event they were apprehended and deported.

--We assumed a government expenditure figure of \$785 per person, the same as illegal aliens under the status quo projections.

--Currency export was assumed to be \$890 per person, the current average for the illegal alien population.

In addition, we assumed three sets of growth rates for the illegal alien population who would continue to be deportable after 1981. They reflect variations in the rate of aliens who would attempt to enter illegally, their border and interior apprehension rates, and their rates of successful reattempts to enter. Using the status quo projections in 1981 (1.2 million and 2.0 million people, depending on the 5-percent and 7.5-percent entry rates, respectively), we used the figures in table 27 to project the effects of amnesty to the year 1991.

Table 27

Assumed Rates of Growth of Deportable Illegal Aliens
Under Status Quo and Amnesty:
Years 1981-1991

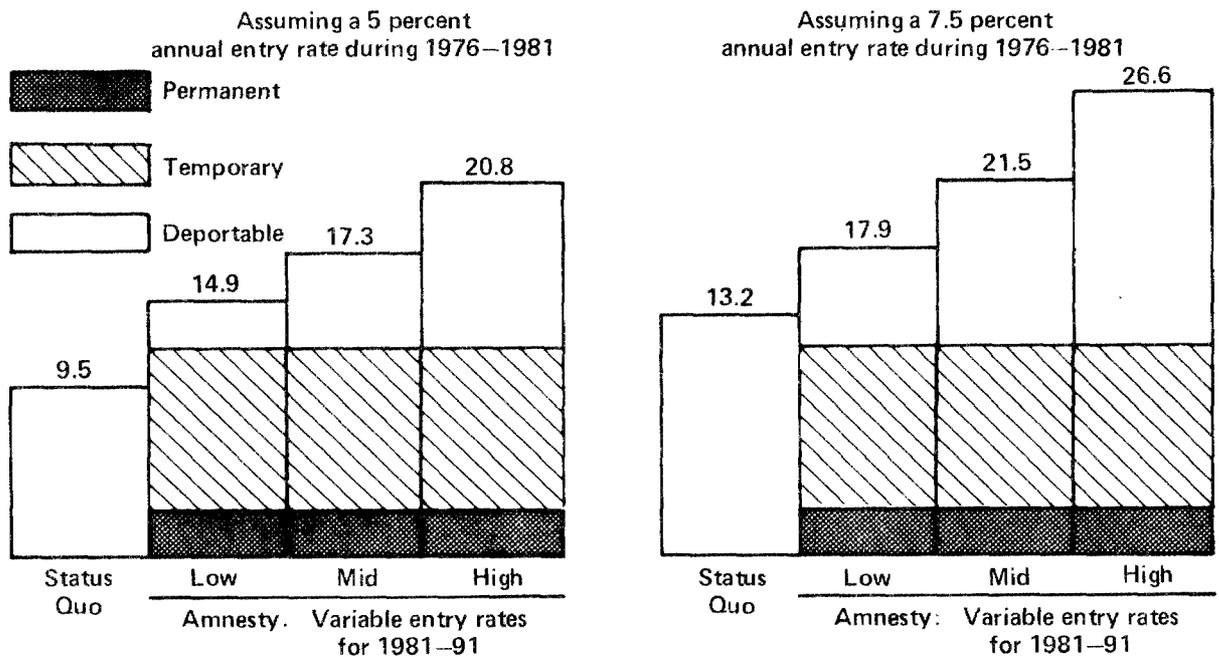
	<u>Entering</u>		<u>Apprehensions</u>		<u>Successful reattempts</u>
	<u>5 percent to 1981</u>	<u>7.5 percent to 1981</u>	<u>Interior</u>	<u>Border</u>	
Status quo	5.0%	7.5%	3.7%	25% Mexico; 10% other	60%
Amnesty low	2.0	5.0	6.2	30	50
Amnesty mid	5.0	7.5	3.7	20	60
Amnesty high	8.0	10.0	1.2	10	70

"Amnesty low" reflects effectiveness of employer sanctions legislation and tighter INS enforcement. When compared with status quo, amnesty low assumes reduced job availability, which would decrease the incentive to migrate illegally. In addition, illegal aliens already here would be deported at a higher rate or leave voluntarily due to fewer available jobs, border apprehensions would increase, and apprehended persons would not be as persistent or successful in gaining entry on subsequent attempts. "Amnesty mid" reflects a situation very similar to that of maintaining the status quo; i.e., the granting of amnesty would act as neither a deterrent nor an added attraction to illegal migration. "Amnesty high" reflects greater attraction to the United States by persons hoping to obtain amnesty at a future date and due to persons having a larger base of "legal" residents to assist them. As employer sanctions and greater enforcement were assumed to be ineffective in this case, entry rates would be higher than under status quo, interior and border apprehensions would be lower, and more apprehended aliens would likely succeed in repeated attempts.

Figure 3 compares the projected total illegal alien population in 1991, varying from no change in the current policy to varying growth conditions under President Carter's proposed "Alien Adjustment and Employment Act of 1977." It must be reemphasized that the actual figures presented should be used only for comparison purposes and not in absolute terms; they represent only very rough estimates.

Figure 3

**Projected Total Aliens With and Without Amnesty in 1991
Based on Variable Annual Entry Rates of Deportable Aliens
(in millions)**



Granting amnesty could lead to an increase in the number of aliens over the status quo option. The total number we projected depends largely upon the number of deportable aliens present in the year 1981 and on their rates of entry during 1981-91. Under amnesty, the total population (permanent, temporary, and deportable aliens) may range from 14.9 million to 26.6 million in 1991 compared with 9.5 million to 13.2 million under status quo.

"Amnesty mid" reflects the possible effects of granting amnesty to certain groups of illegal aliens without affecting

the deportable alien population. Changes in enforcement and employer sanctions legislation were assumed to have no effect on future migration. As a result, the total population would increase by 7.8 million to 8.3 million over the status quo in 1991 (from 9.5 million to 17.3 million, or 13.2 million to 21.5 million). A major portion of this increase would be due to the growth in the permanent and temporary resident population. These two groups were projected to increase from 5.765 million to 12.9 million in 1991 (an increase of 7.1 million, or 123 percent) due to the addition of families and to the termination of interior apprehensions. Excluding families of permanent and temporary residents in 1991, the alien population under amnesty mid would be only slightly higher than maintaining the status quo (10.2 million to 14.4 million). This group would be smaller under amnesty low (7.8 million to 10.8 million) and larger under amnesty high (13.7 million to 19.5 million).

Tax revenues and government expenditures were projected to be higher under amnesty than under the status quo, as shown in table 28. Due to such factors as permanent resident aliens and their families qualifying for social services and the addition of services that would be provided for a larger resident population, government expenditures, under amnesty, would probably exceed tax revenues by roughly \$7.0 billion to \$7.4 billion in 1991. 1/

The amount of currency export may be \$1.5 billion to \$2.1 billion less under amnesty low than under status quo. Under amnesty high, however, currency export would increase over status quo by \$3.8 billion to \$5.6 billion in 1991.

SUMMARY AND CONCLUSIONS

By making a few additional assumptions to describe policy alternatives, we used the Markov model to project the estimated impact of illegal aliens given two different policy options: a no-change policy and the granting of amnesty. Our projections indicate trends that may develop under different policies to the year 1991.

1/If the permanent resident aliens and their families follow the pattern of legal immigrant groups in the past, however, their wages--and tax contributions--would likely increase in future generations.

Table 28

Projected Economic Impact
With and Without Amnesty in 1991

	<u>Government</u> <u>expenditures</u>	<u>Tax</u> <u>revenues</u>	<u>Currency</u> <u>export</u>
------(billions)-----			
Assuming a 5-percent annual entry rate in 1976-81:			
Maintaining the status quo	\$ 7.4	\$ 7.7-9.1	\$ 8.4
Amnesty: 2.0% entry rate	18.4	11.0	6.9
5.0% entry rate	20.3	13.0	9.0
8.0% entry rate	23.0	15.8	12.2
Assuming a 7.5-percent annual entry rate in 1976-81:			
Maintaining the status quo	10.4	10.8-12.7	11.7
Amnesty: 5.0% entry rate	20.7	13.4	9.6
7.5% entry rate	23.6	16.4	12.8
10.0% entry rate	27.6	20.6	17.3

Projections based on our assumptions relating to a no-change policy (i.e., maintaining the status quo as to methods of enforcement, availability of jobs in the United States, and conditions of sending countries) show that the illegal alien population may grow by 3.5 million to 7.2 million from 1976 to 1991; from 6 million in 1976 to 9.5 million to 13.2 million in 1991. As in the base year (1976) estimates, tax revenues may exceed costs for government services, excluding possible unemployment compensation or social service costs for displaced legal workers, if any. The amount of currency export (96 percent being to the countries of the Western Hemisphere) would continue to be sizable.

We assumed that amnesty, if granted, would likely take effect in 1981. The assumptions to the model were then varied beginning in 1981, using three different growth assumptions

for the illegal alien population that would continue to be deportable. Primarily due to the assumptions that persons granted permanent and temporary residency status would not be deported and would likely settle in the United States and increase in family size, this population would likely be larger than under the policy of maintaining the status quo in 1991. The larger the population, the greater the amount of tax revenues, government expenditures, and currency export. However, due to the additional services that would be provided to permanent and temporary residents and their families, government expenditures would likely exceed tax revenues. Currency export, on the other hand, may increase or decrease from the status quo estimates, depending on the projected number of deportable aliens.

The actual figures projected by the model represent very rough estimates and should be used only for comparison purposes. As research and data collection improve, this framework can be used to better estimate the impact of amnesty and other suggested options.

CHAPTER 7

PROPOSED "ALIEN ADJUSTMENT AND EMPLOYMENT ACT

OF 1977" (AMNESTY): A DISCUSSION

President Carter's Undocumented Aliens Program, sent to the Congress on August 4, 1977, consisted of a "set of actions to help markedly reduce the increasing flow of undocumented aliens in this country and to regulate the presence of the millions of undocumented aliens already here." ^{1/} The program consisted of five sections, calling for the following actions.

1. The hiring of an illegal alien would become a civil offense. Employers who exhibited a "pattern or practice" of hiring undocumented aliens could be fined by the Justice Department up to \$1,000 per alien. Civil fines of \$2,000 per alien could also be levied on those who received compensation for knowingly assisting an alien to obtain or retain employment.
2. The immigration status of undocumented aliens would be divided into three types.
 - a. Aliens residing continuously in the United States from before January 1, 1970, to the present would be eligible for permanent residency status. Documented proof of residency must be demonstrated. After 5 years of continuous residency, permanent status aliens could apply for citizenship, in accordance with the Immigration and Nationality Act. INS estimates that about 765,000 aliens are in this category.
 - b. Aliens residing in the United States continuously between January 1, 1970, and January 1, 1977, would become eligible for temporary resident alien status for a 5-year period. This would be a one-time action and would not require amendment of the Immigration and Nationality Act. It is unknown at this time what the status of the temporary alien would be at the end of 5 years. INS estimates that about 5 million aliens are in this category.

^{1/}President's Message to Congress Transmitting Alien Amnesty Proposal, 13 Weekly Comp. of Pres. Doc., 1170 (August 8, 1977).

- c. Illegal aliens entering the United States after January 1, 1977, would be subject to current immigration laws.
3. Increased resources would be devoted to the border patrol at the United States-Mexican border for increased enforcement against illegal migration.
4. The United States would cooperate with the illegal alien source countries to improve economic opportunities for their citizens.
5. Enforcement of the Fair Labor Standards Act and the Federal Farm Labor Contract Act would be substantially increased in areas where a heavy concentration of illegal aliens exists.

The program was introduced on October 12, 1977, by the Chairman of the House Judiciary Committee (H.R. 9531) and on October 28, 1977, by the Chairman of the Senate Judiciary Committee and three co-sponsors (S. 2252). The bills specify adjustments of undocumented aliens status to permanent or temporary residency and impose civil and criminal sanctions for employing or facilitating employment of illegal aliens, but they do not embody the President's entire program. The additional points would require budgetary coordination, program follow-through, and possibly additional legislation.

If the program is to be effective, coordinated effort is needed with other appropriate departments and agencies. For example, to assist the Employment Standards Administration in its enforcement of the Fair Labor Standards Act, the President requested a \$4.7 million supplemental appropriation for fiscal year 1978. However, no additional funds were requested to strengthen the enforcement of the Farm Labor Contractor Registration Act, which contains criminal penalties of up to a \$10,000 fine and/or 3 years' imprisonment for certain contractors that hire illegal aliens. The two other areas of the President's program: increased enforcement of the United States-Mexican border by the INS Border Patrol, and the proposal to promote economic cooperation between the United States and source countries, would require similar efforts and funding. •

The major thrust of the Alien Adjustment and Employment bill, is adjusting the undocumented aliens' status, which was seen as necessary by President Carter

"* * * to avoid having a permanent underclass of millions of persons who have not been and cannot

practicably be deported, and who would continue living here in perpetual fear of immigration authorities, the local police, employers, and neighbors." 1/

PERMANENT RESIDENT STATUS PROPOSAL
(SECTIONS 2 AND 3, H.R. 9531/S. 2252)

INS must receive documented proof that an illegal alien has resided continuously in the United States from before January 1, 1970, until the present. In President Carter's August 4, 1977, statement, he outlined how documentation could be accomplished:

"* * * residence will be established through the use of documents such as employer affidavits, rent receipts, payroll slips, cancelled checks, bills, and other records.* * * the Immigration and Naturalization Service deals with this situation on a daily basis, and is flexible enough to evaluate various kinds of proof." 2/

As provided in section 3, aliens given permanent status would not be charged to the country or hemisphere quota ceilings.

Arguments for permanent status proposal

Adjustments to permanent status is an alternative to mass deportation of illegal aliens. The Domestic Council Committee on Illegal Aliens called massive deportation "both inhumane and impractical." 3/ Massive roundups, like Operation Wetback in the 1950s, would not be conducive to good relations with Mexico. The program left widespread mistrust of the Border Patrol by Mexican-Americans in the South. INS search procedures have been modified by recent Supreme Court decisions, making a similar deportation program impossible. Humane considerations play a major role in the decision to grant permanent residency to illegal aliens as well. The cutoff date of January 1, 1970, was justified by President Carter as being enough time for undocumented aliens to have established families, purchased homes, and become contributing members to their communities.

1/13 Weekly Comp: Pres. Doc. 1174 (August 8, 1977).

2/Vialet [67], The 'Alien Adjustment and Employment Act of 1977': Background, Summary, and Pro and Con Analysis, Congressional Research Service, December 13, 1977, p. 18.

3/Vialet [67], p. 12.

It is assumed that an undocumented alien having continuously lived in this country since before January 1, 1970, has been employed; thus granting permanent status to about 765,000 illegal aliens would not alter the unemployment rate. In fact, it is more likely that

"* * * illegal aliens, particularly those who have been here for a period of years, are much more apt to be low-paid workers than they are to be unemployed and/or the recipients of benefits from government-supported programs." 1/

It is generally agreed that illegal aliens exert a downward pressure on wages in occupations where large numbers are employed. This depression of wages is thought to be a more adverse consequence of the presence of illegal migrants than job displacement. Some believe that adjusting their status would raise wages and working conditions to the benefit of both the alien and the legal resident employed in similar jobs, particularly in the agricultural business in the Southwest.

Arguments against permanent status proposal

There are several reasons given by those who oppose granting permanent residency status to illegal aliens. First, the action appears to condone past lawbreaking and, at the same time, encourage others to break the law with expectations of becoming permanent residents in the future. Opponents have pointed to one inequity of the proposal: No reward exists for persons who have waited years for legal entrance clearances, yet those who have broken the law may be allowed to become residents. It has also been argued that the proposal unfairly restricts Mexican illegal aliens' eligibility for permanent residency status. Because Mexican aliens (the largest group of illegal aliens) tend to cross the border frequently, continuous permanent residency cannot be technically established and they would not benefit from the proposal.

Others argue that deportation of undocumented aliens would "free" the job market for legal residents. These jobs would pay current or higher salaries due to the lack of competition from cheap labor sources. Furthermore, as this group of aliens begin to achieve upward mobility, occupational displacement may become a greater problem for other legal workers seeking employment in higher paying jobs.

1/Vialet [67], p. 14.

Once permanent residents, aliens would become eligible for social welfare programs. They would likely make greater use of these programs than they do currently. State and local service programs may also be affected by the alien's residency, particularly if the alien has a low socioeconomic status or is unemployed.

There is also some question as to whether the permanent status adjustment program could be administered effectively. Because of their illegal status, aliens have tended to avoid the law or acknowledge their identity to government officials. Records may be scarce and documentation of continuous residency may prove difficult. Former INS Commissioner Leonel Castillo has stated, "We do anticipate some problems with the requirement of documentation." ^{1/} In some cities, new businesses have been created which promise proof of an alien's documented residency, for a rather sizable fee.

TEMPORARY STATUS ADJUSTMENT PROPOSAL
(SECTION 4, H.R. 9531/S. 2252)

The temporary status adjustment proposal represents a unique approach to the illegal alien problem. INS has estimated that 5 million aliens fall into this group. Eligible aliens would be required to register within 1 year of the effective date of the legislation. They would be free to work in the United States and travel abroad without further documentation. They would not be eligible for specific Federal assistance programs: Aid to Families With Dependent Children, Supplemental Security Income, Medicaid, and food stamps. The President's proposal calls for an adjustment of the allocation formulas for revenue sharing to reflect the alien population in a given geographical area. ^{2/} Privileges and rights under the Immigration and Nationality Act

^{1/}From an address delivered to the American G.I. Forum on October 13, 1977, in Albuquerque, New Mexico, Congressional Digest [8] (October 1977), p. 246.

^{2/}The adjusted formulas for revenue sharing would be used only through 1980, when the new census is expected to reflect the presence of undocumented aliens. Congressional Digest [8], p. 232. Recently, however, a lawsuit has been filed in D.C. District Court seeking to compel the Census Bureau to identify the number of illegal aliens and to exclude those illegal aliens from future computations of Federal revenue sharing and other grants.

would be denied, except as specifically provided. Sometime between completion of the registration process and expiration of the 5-year period, a decision would be made on their final status.

Arguments for temporary status proposal

Temporary status allows for a compromise between a more generous permanent status proposal and mass deportation for 5 million aliens. It is doubtful that the latter is feasible, and the former may be too drastic a step to take without more information. Lack of documentation about this group of aliens is the main reason for the proposal. As President Carter has stated:

"The purpose of granting a temporary status is to preserve a decision on the final status of these undocumented aliens, until much more precise information about their number, location, family size and economic situation can be collected and reviewed." 1/

More information will also give the United States an opportunity to assess the extent of our economic reliance on illegal alien labor, without disrupting our economy. By providing employers temporary aliens protected by law, the 5-year period may bridge the gap between employer dependence on illegal alien labor, which is often cheap, and employer acceptance of an integrated work force.

Under a short-term period of 5 years, as opposed to an indefinite period, the proposal may encourage a swift transition into American society for many persons whose citizenship is now in limbo. Illegal aliens would be motivated to register for temporary status, thereby reducing their fear of apprehension and deportation and enabling them to work legally and be entitled to fair wages and working conditions. Since they would not be eligible for Federal financial assistance, employment would become a necessity. Their drain on Federal assistance, it is asserted, would be further alleviated by the fact that their families could not join them in the United States during the 5 years.

Arguments against temporary status proposal

Many feel that the deterrents outweighing the incentives for temporary status registration would prevent the

1/Violet [67], p. 20.

identification of this group. Aliens would rather sacrifice legal protection for their anonymity, due to the uncertainty of their future at the end of the 5-year period. Moreover, many may fail to register because of the limited 1-year registration period. Some people claim that the temporary resident status would create an underclass of workers who would pay taxes and contribute to their community but who would be unable to take advantage of Federal assistance or have their families reside with them. 1/

Since about 60 percent of all illegal aliens are Mexican, critics feel that the proposal would negatively affect Mexican-American citizens and communities. The Mexican-American Legal Defense Educational Fund stated that

"* * * the nondeportable status proposal would be a catalyst for heightened discrimination against the Mexican American community, and would directly result in a diminished sense of self-esteem among the members of that community." 2/

Lastly, the 5-year period may only prolong a difficult decision which would become more difficult to resolve 5 years later. In all likelihood, temporary residents would not be deported after the 5 years. If their status were then adjusted to permanent residence, the need for the temporary status proposal is questionable. In the interim, more illegal aliens would likely enter the country anticipating permanent resident status approval at some future point.

EMPLOYER PENALTY PROPOSAL
(SECTION 5, H.R. 9531/S. 2252)

Currently illegal aliens are forbidden to work, but there are no Federal legal sanctions against employers who hire them. Bills introduced in the 92d to 95th Congresses

1/Although the proposed legislation exempts spouses and children from obtaining temporary residency status, pressure may be exerted on the U.S. Government to reunify these illegal aliens (who would be allowed to remain in the United States for at least 5 years) with their families.

2/Vialet [67], p. 22.

have included employer penalties for employing illegal aliens. 1/ Section 5 of H.R. 9531 and S. 2252 would make employing illegal aliens a civil offense, imposing a \$1,000 fine per alien on those employers found guilty of a "pattern or practice" of violation. The Attorney General is authorized to seek civil penalties and injunctions against future violations; district courts are specifically granted jurisdiction to enjoin employers' actions. An employer's proof that he/she has seen documentation or the alien's work permit would give rise to a rebuttable presumption that no violation occurred. Further, it would also become a felony, with a \$2,000 fine and/or 5 years' maximum imprisonment per illegal alien, for persons who "for gain" help an alien obtain or retain employment or who knowingly enter a contract to achieve illegal employment. This legislation would preempt State and local laws.

Arguments for the employer penalty proposal

Employment opportunity is seen as a main incentive for illegal entry here from overpopulated, economically disadvantaged countries. As President Carter has stated, "If that [employment] opportunity is severely restricted, I am convinced that far fewer aliens will attempt illegal entry." 2/ Employer penalties may act as an effective deterrent against illegal entry and prevent the one-time offender from being held liable in situations that do not resemble a "pattern or practice" of violation. The "pattern or practice" of the violation clause may also assuage the employer's fear of hiring Mexican-Americans or permanent resident aliens. This may neutralize any possible discriminatory effects of the law.

It is felt that the fines are appropriate to the offense and differentiate between the seriousness of each offense.

1/On the House side, bills were passed during the 92d and 93d Congresses, H.R. 16188 and H.R. 982, respectively. The House Judiciary Committee introduced H.R. 8713 during the 94th Congress, and the Chairman of the House Judiciary Subcommittee on Immigration, Citizenship, and International Law introduced H.R. 1663 during the 95th Congress. On the Senate side, S. 3827 and S. 3074 were introduced during the 93d and 94th Congresses, respectively. Vialet [67], p. 25.

2/Vialet [67], p. 26.

If an "element of disgrace" is instilled in the employer for conviction of a Federal offense, its deterrent power is enhanced. On the other hand, the fact that employer penalty is a civil offense may alleviate some employer fear of violating the law. This provision may also prevent eager or anxious employers from discrimination against U.S. citizens of obviously foreign extraction.

The Administration's proposed legislation also attempts to solve the problems generated by the lack of one uniform document indicating U.S. citizenship. The employer would be protected by a provision that creates a presumption that the employer hired the alien in good faith if he/she provides proof of having seen documentation allowing the alien to work. The difficulties employers face in identifying illegal aliens would be offset, in part, by requiring that a "pattern or practice" of violation be shown. Together, these aspects of the proposed legislation attempt to solve the problem of alien identification faced by employers.

Arguments against the employer penalty proposal

Both employers and civil rights groups have opposed the employer's responsibility in determining a person's citizenship. The employer fears violating the law if he/she does not have proof of a person's status, and civil rights groups fear that the employer would protect him/herself by not hiring foreign-looking persons. Both situations could result in discrimination. The lack of a single document identifying U.S. citizenship is the central issue. One frequently suggested solution, a national workcard, has not been supported by President Carter and is unlikely to be acceptable to the public. Others argue that the penalties are too mild to alter employer behavior. In large businesses, for example, the fine may become part of doing business, and ultimately be passed on to the consumer. Some argue that the program would be difficult to enforce nationwide. To monitor employers for enough information to discern a "pattern or practice" of discrimination would require a large investment of resources. ^{1/} In many instances, it may be difficult to ascertain a "pattern or practice" using witnesses, since employers may hire illegal aliens on a seasonal or rotational basis. There is some ambiguity as to whether action could be taken against a one-time offender.

^{1/}In addition, Government costs for enforcement (such as investigations and prosecutions) would also rise.

Others argue that the entire rationale for employer penalties is questionable. Employer penalties may be unnecessary if illegal aliens do not displace legal workers. They argue that their employment fulfills a vital role in the U.S. economy and should not be prohibited via employer sanctions. Whether employer sanctions would theoretically "dry up" job opportunities for illegal aliens and create more jobs for legal workers has been disputed by several economists. They believe that it is unrealistic to expect legal residents who receive social services to accept employment which pays less. 1/

OTHER ASPECTS OF PRESIDENT CARTER'S
UNDOCUMENTED ALIENS PROGRAM

The President's August 4, 1977, proposal advocated more cooperation with the countries which contribute to illegal migration. He pledged economic support to them in an effort to increase their domestic employment opportunities. Until recently, all attempts to reduce illegal migration have come from a unilateral American policy. Today there is a growing sensitivity of the economic needs of other countries and the interdependence they share with us. Some believe that a bilateral policy is a healthier and more pragmatic way to approach the problem over the long run.

Since an estimated 60 percent of all illegal aliens originate from Mexico, the United States faces unique problems with its southern neighbor. Some have recognized the need for illegal aliens to work in the United States as a "safety valve" for the Mexican economy. 2/ In a country with high population growth, high unemployment, and low wages, a worker's opportunity to cross the border and improve his/her situation might decrease the chances of political and social unrest developing within the borders. Thus Mexico has little incentive to stop illegal border crossings.

There is some question as to the effectiveness of President Carter's proposal to strengthen Border Patrol enforcement along the United States-Mexican border. The President's plan is to double the number of border guards to 4,000. The border covers a 2,000-mile span; only a

1/Taken from a position paper prepared for the Conservative Caucus "shadow cabinet," Congressional Digest [8] (October 1977), pp. 248-250.

2/Vialet [67], p. 26.

small segment is geographically difficult to cross. It is estimated that most illegal Mexican migrants who cross the border are successful. Of those who are apprehended and returned to Mexico, it is unknown how many attempt additional crossings; many feel that a substantial number do. The illegal Mexican migrant has been characterized as a desperate and determined individual who will cross the border even at the risk of great personal harm. Bandits and rapists, for instance, have been known to prey on the illegal aliens as they make their way across the border. Still, they appear willing to take those risks in increasing numbers. To effectively stop the illegal aliens from crossing the border, the use of sophisticated detection technology might have to be expanded and physical barriers might be needed. Neither alternative is widely acceptable at present.

SUMMARY AND CONCLUSIONS

President Carter's Undocumented Aliens Program was proposed to the Congress on August 4, 1977. The "Alien Adjustment and Employment Act of 1977" was introduced in the House on October 12, 1977 (H.R. 9531) and in the Senate on October 28, 1977 (S. 2252). Their primary emphasis are the adjustment of the status of undocumented aliens to permanent or temporary residency and the imposition of sanctions on employers who knowingly hire illegal aliens. The bills do not address the issues of increased border patrol enforcement or cooperation with major source countries; however both issues were included in the President's proposal.

CHAPTER 8

CONCLUSIONS AND RECOMMENDATIONS

A needed part of policy formulation is evaluation of policy options. Although many methods exist for evaluation, there is little organized data about illegal aliens. Most information has been collected piecemeal, and little has been done to integrate the data within a coherent policy analytic framework.

We have addressed one aspect of this framework by developing a model which deals with estimated population increases, migration patterns, regional impact, and expected Government costs and revenues due to illegal migration. By using the model as a framework and choosing inputs which best describe a condition, the impact of illegal aliens may be estimated. The greatest benefit of this model is not its numerical estimates but its framework for analysis. To evaluate proposed policy options, the framework can be tailored to fit the needs of the decisionmaker, thereby making evaluations more meaningful.

The 1974 amendments of the Legislative Reorganization Act reemphasized the evaluation responsibilities of the Comptroller General. One such responsibility is strengthening program evaluation by developing and recommending to the Congress methods for review and evaluation of Government programs (Public Law No. 93-344, §702(a), 31 U.S.C. §1154(c) 1976). In line with this responsibility, we feel that the Congress should encourage the Select Commission, INS, and researchers to use an analytical framework similar to the one discussed in this report to evaluate the impact of alternative proposals regarding illegal aliens.

AGENCY COMMENTS

This report has been reviewed by the Departments of Justice and State. Justice feels that the validity of the data currently available on illegal migration is questionable, and did not concur with the suggestion that the analytical framework be used to assess immigration policy options. While we recognize the limitations of the data, we believe that the framework should be used for organizing existing data and identifying research needs. While the model does not provide solutions, it can provide insights concerning the possible impact of future policy alternatives. (The Department's letter and our response are included in app. III.) The Department of State had no comments. (See app. II.)

A MARKOV MODEL:BUILDING A FRAMEWORK FOR ANALYSIS

Like many complex national policy issues, there is limited organized data about illegal migration. To use available data in some coherent way, a computer model was constructed which represents the relationships or conceptualizations of the data used by researchers. The model does complex computations quickly and inexpensively, thereby encouraging policymakers to make several sets of assumptions and to test the results arising from the differences in them. This model was based on probability distributions and Markov processes. The Markov process is a specific, time-dependent statistical representation.

While it appears difficult to validate a model without extensive and accurate data, the model design actually reflects the process relationships which have been measured or estimated by researchers and extends these into projections using mathematical techniques. The results of the model are, then, based on the accuracy of the data, the validity of the representation, and the validity of the data for long-term projections. These kinds of assumptions and manipulations are useful, given an awareness of the limitations by the user. The model is, therefore, a convenient tool to manipulate available data and use current expertise; the observations of the results will be validated over time.

THE MODEL

The specific type of model chosen (a mathematical formulation called a Markov process) can represent some of the effects of suggested changes in major policies, such as increased enforcement and the granting of amnesty, and the actions of illegal aliens.

Many real-world situations involve making predictions about the changing state of some event. Often predictions cannot be made solely on the basis of assigning a probability distribution to the occurrence of that event and assuming the probabilities will remain constant over time. If the outcome of a previous event influences the event's outcome the next time it occurs, the statistical distributions that will predict the new state of the event must be altered. A Markov model computes the probability distribution for this dynamic process based on the preceding time period. In summary, the Markov model is a dynamic probability model that projects the movement of populations in defined categories from one state or condition to another over a series of time steps.

The model was based on one developed for the State of Nebraska in projecting movements of its students to and through colleges and universities. Although the computer program could not be used directly, the mathematical formulation of the higher education model was so used. The application of this type of model to the study of illegal migration was done by Systems Research, Inc., in Washington, D.C.; we provided the data inputs.

By the sheer fact that illegal aliens are illegal, little hard data exists. However, by using assumptions concerning such probabilities as alien groups entering the country, settling in particular regions, attaining employment in certain occupations, receiving services, paying taxes, being apprehended, and reentering, the model calculates the probable short- and long-term effects of illegal aliens. By varying the probabilities of the assumptions for such a policy change as amnesty, the effects of the change can be estimated. The assumptions can be varied many times, for example, as more reliable information becomes available, to estimate the possible effects of different types of policies, and to test the sensitivity of certain types of inputs.

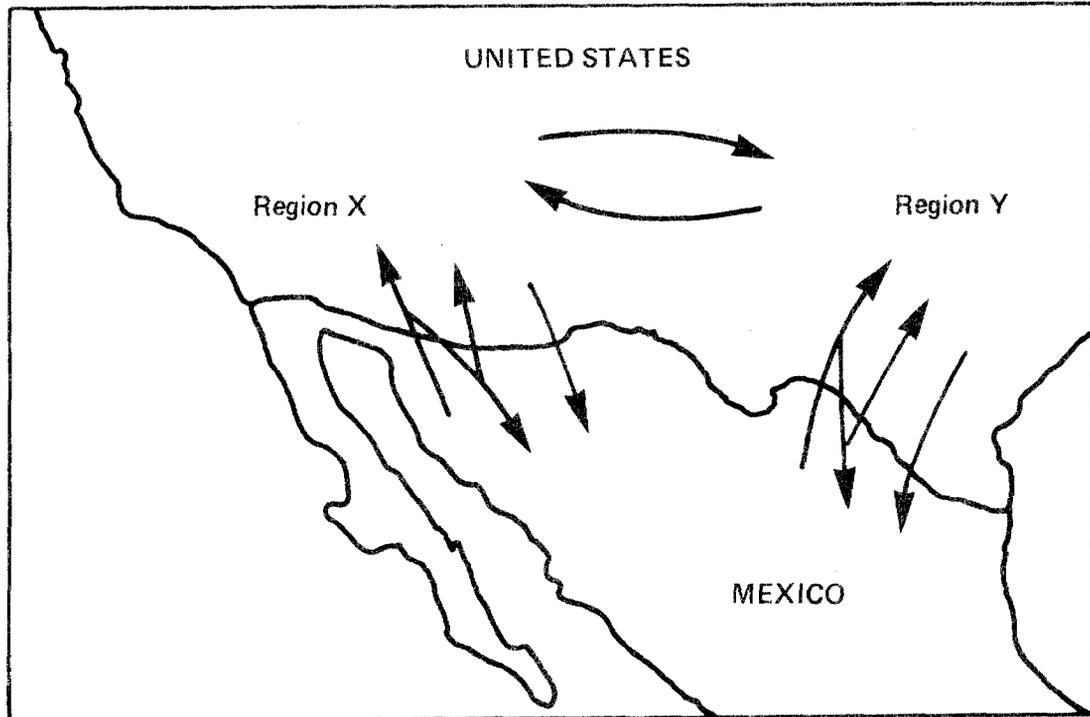
DATA ORGANIZATION

Illegal aliens come from a source country group. Some are apprehended while attempting to enter and are returned to the source countries. Some of those stopped during entry attempt to reenter and succeed; others may not attempt reentry or stop trying after successive attempts. Once in the United States, however, illegal migrants may move from one region to another, voluntarily return to their source countries, or be apprehended and deported. A schematic of the flow of illegal migrants, using the southwest regions of the United States and Mexico, is shown in figure 4.

In addition, illegal aliens either become employed or are not employed. (The latter category may include those seeking and not seeking employment.) Persons in the employed group enter certain occupational categories (such as agriculture, services, and construction) and may, during their time in the United States, change from one category to another. 1/

1/Because the economic impact of illegal aliens depends largely on occupational categories, the model must include them even though there is little research data available on occupational choices and occupational mobility of illegal aliens.

Schematic Flow of Illegal Aliens



While illegal aliens move continuously between regions and occupations and in or out of the United States, the model assumes a discrete time period. The period chosen was 1 year since most data is based on annual estimates.

There is only one transition probability matrix in the model: the interregional movement of illegal aliens. The change in occupational categories is represented by distributing these interregional flows into occupational categories for the receiving regions. This distribution is based on the assumption that illegal migrants often move to a region to obtain a certain type of job.

The model is designed in a way that the countries of origin, U.S. regions, and occupational categories can be changed as future research deems it necessary. The model can handle up to eight country groups, eight U.S. regions, and eight occupational categories without modification.

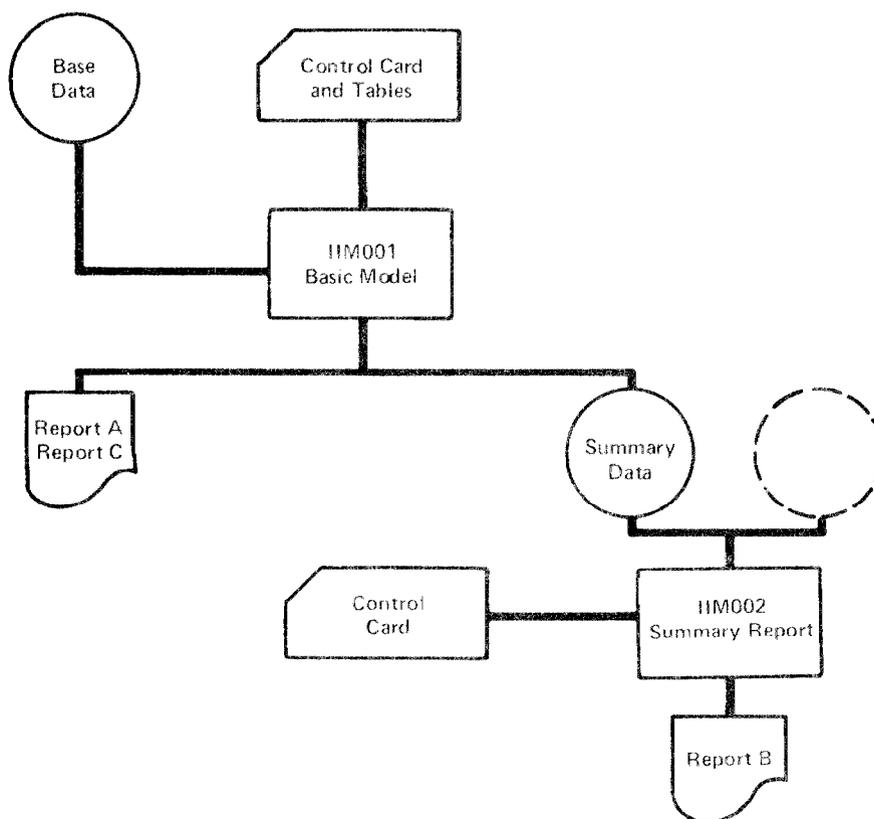
STRUCTURE OF THE MODEL

The model consists of three parts. The first part processes the data entries which provide the initial values of the variables and probabilities. The second part takes the values and probabilities of one year and predicts the subsequent year. This part is used repetitively to obtain predictions for several years. The third part produces three types

of reports. One report is a listing of the input values so that the user can verify the values used by the model. The other two reports are output reports.

The model was written in American National Standard FORTRAN. The programs that constitute the model--IIM001 Basic Model and IIM002 Summary Report--and the system data flows are presented in figure 5.

Figure 5
System Data Flows: IIM001 and IIM002



The Basic Model (IIM001) has two types of inputs: a control card and descriptive tables and data for the base iteration. Although they are shown separately, the control card and descriptions are contained in the first 25 records of a single file including both types of data. Depending upon control card options, reports A and C are produced and

a summary file written. Report A is a list of the input data to the model; report C presents the number of illegal aliens and impact of one group (for example, one country group) at a time. Program IIM002 reads a control card and the same descriptions as program IIM001 and produces a summary (report B) combining all the various country groups computed for report C. (See table 29 for reports B and C format.)

OPERATION OF PROGRAM IIM001

The functions of program IIM001, the Basic Model, are determined, in part, by the control record. The format of the control record follows.

Control Record Format, Program IIM001

<u>Field</u>	<u>Value</u>
1 - 6	Record identifier IIM001
7 - 9	Not used
10 - 15	Date in American National Standard YYMMDD Format
16	Not used
17 - 32	Run description
33 - 36	Year of the base data
37 - 38	Country group
39 - 40	Number of iterations (years)
41 - 42	Reporting level: 01--report C for last iteration only 03--report C for all iterations 05--report A and report C for all iterations 09--report A, report C for all itera- tions, and debugging data
43 - 44	Summary file: 00--no summary records produced for IIM002 01--summary records produced for IIM002

#1012
ITERATION: 7 1983

Table 29
Report Format: Illustrated

5/ 1/79

REPORT B -
REPORT C - ILLF6AL IMMIGRANTS: ESTIMATED ECONOMIC IMPACT
(IN MILLIONS)

COUNTRY GROUP	ILLF6AL MIGRANTS	GROSS INCOME	SERVICES	TAXES PAID	NFT	U.S. WORKERS DISPLACED	CHANGE IN GNP	CURRENCY EXPORTED
NORTHEAST								
AGRICULTURAL	0.008	22,673	5,913	3,766	2,147	0.000	0.0	7,306
SERVICES	0.003	15,385	2,296	3,100	-0,804	0.000	0.0	4,528
CONSTRUCTION	0.003	10,847	2,004	2,246	-0,242	0.001	0.0	2,476
INDUSTRY	0.007	41,739	5,674	10,046	-4,373	0.004	0.0	11,188
OCCUP CATEGORY 05	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
OCCUP CATEGORY 06	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
OTHER	0.000	0.194	0.027	0.053	-0.026	0.000	0.0	0.052
NOT EMPLOYED	0.014	0.0	12,455	0.0	12,455	0.0	0.0	3,110
TOTAL	0.034	90,838	24,368	19,212	9,156	0.005	0.0	28,660
NORTH CENTRAL								
AGRICULTURAL	0.128	365,937	100,617	60,883	39,734	0.0	0.0	124,329
SERVICES	0.048	278,083	37,572	57,435	-19,863	0.005	0.0	74,092
CONSTRUCTION	0.034	160,545	28,107	34,373	-6,266	0.018	0.0	34,731
INDUSTRY	0.114	972,498	92,647	262,598	-169,951	0.059	0.0	182,697
OCCUP CATEGORY 05	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
OCCUP CATEGORY 06	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
OTHER	0.001	11,450	1,139	3,757	-2,618	0.001	0.0	2,245
NOT EMPLOYED	0.156	0.0	122,249	0.0	122,249	0.0	0.0	30,523
TOTAL	0.487	1788,952	362,330	419,045	-36,714	0.043	0.0	448,617
SOUTHWEST								
AGRICULTURAL	0.011	25,404	9,003	4,301	4,702	0.0	0.0	11,124
SERVICES	0.004	14,576	3,387	3,517	-0,129	0.000	0.0	6,480
CONSTRUCTION	0.003	7,572	2,363	1,295	1,069	0.002	0.0	2,420
INDUSTRY	0.011	52,548	8,657	11,634	-2,978	0.006	0.0	17,071
OCCUP CATEGORY 05	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
OCCUP CATEGORY 06	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
OTHER	0.000	0.271	0.045	0.067	-0.022	0.000	0.0	0.089
NOT EMPLOYED	0.012	0.0	9,063	0.0	9,063	0.0	0.0	2,263
TOTAL	0.041	104,772	32,518	20,813	11,705	0.007	0.0	40,147
SOUTH CENTRAL & MOUNTAIN								
AGRICULTURAL	0.490	1101,996	384,474	183,666	200,808	0.0	0.0	475,083
SERVICES	0.185	796,528	145,244	150,794	-5,551	0.019	0.0	286,417
CONSTRUCTION	0.135	679,839	106,204	144,232	-48,028	0.068	0.0	209,431
INDUSTRY	0.450	2144,637	353,314	474,836	-121,522	0.225	0.0	696,726
OCCUP CATEGORY 05	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
OCCUP CATEGORY 06	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
OTHER	0.005	25,674	4,265	6,303	-2,038	0.004	0.0	8,411
NOT EMPLOYED	0.497	0.0	389,964	0.0	389,964	0.0	0.0	97,369
TOTAL	1.762	4744,668	1383,469	969,831	413,637	0.316	0.0	1773,435

Table 29--Cont.

	ILLEGAL MIGRANTS	GROSS INCOME	SERVICES	TAXES PAID	NET	U.S. WORKERS DISPLACED	CHANGE IN GNP	CURRENCY EXPORTED
WESTERN								
AGRICULTURAL	0.710	1913.060	557.230	319.431	237.794	0.0	0.0	688.552
SERVICES	0.269	1132.068	211.337	212.683	-1.346	0.027	0.0	416.752
CONSTRUCTION	0.194	1113.198	153.713	265.327	-111.613	0.098	0.0	303.119
INDUSTRY	0.653	2969.674	512.580	639.908	-127.329	0.326	0.0	1010.794
OCCUP CATEGORY 05	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
OCCUP CATEGORY 06	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
OTHER	0.008	35.456	6.185	8.470	-2.285	0.006	0.0	12.197
TOTAL	1.001	786.066	786.066	0.0	786.066	0.0	0.0	196.266
NOT EMPLOYED	2.837	7158.230	2227.111	1445.820	781.292	0.458	0.0	2627.679
TOTAL								
REGION 06								
AGRICULTURAL	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
SERVICES	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CONSTRUCTION	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
INDUSTRY	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
OCCUP CATEGORY 05	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
OCCUP CATEGORY 06	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
OTHER	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
NOT EMPLOYED	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL								
REGION 07								
AGRICULTURAL	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
SERVICES	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CONSTRUCTION	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
INDUSTRY	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
OCCUP CATEGORY 05	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
OCCUP CATEGORY 06	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
OTHER	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
NOT EMPLOYED	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL								
REGION 08								
AGRICULTURAL	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
SERVICES	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CONSTRUCTION	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
INDUSTRY	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
OCCUP CATEGORY 05	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
OCCUP CATEGORY 06	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
OTHER	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
NOT EMPLOYED	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL								
TOTAL	5.164	13891.457	4053.796	2874.720	1179.074	0.869	0.0	4918.535

The record identifier IIM001 is used to identify the control record for this program. The date is supplied in American National Standard format, the two-digit year, month, and day. This date appears on the report headings and has no use in the model itself. The 16-character run description similarly is printed in the heading and can be used to identify runs. The base data year is given in positions 33 through 36 and is the four-digit year for the year represented by iteration zero. No illegal aliens are added to this iteration. The two-digit designation of the country group being processed (01 through 08) is given in fields 37 and 38. This designation selects the specific country group being processed and points to the corresponding vector or entry in matrices TC and ZC (discussed below). The model can process up to 20 iterations. The number of desired iterations, beyond the base iteration, is given in fields 39 and 40.

Four combinations of reports are possible from program IIM001. The least amount of output is a summary of impact for the last iteration. This can be obtained by using reporting level 01. Reporting level 03 produces a summary report for every iteration. Reporting level 05 produces the list of input data (report A) as well as a summary report for every iteration. If there appears to be a data input problem, such as nonnumeric data or the model is being modified, then reporting level 09 indicates which records have been read and, as the processing is being done, prints out intermediate values. This mode is not usually used since it is intended primarily for finding errors in data or in program modifications. A summary file for later processing by IIM002 is produced with a summary file value of 01 in fields 43 and 44. Any other value does not produce summary records.

The program begins by zeroing all arrays and making file assignments. The control record and each of the data records are read and the values stored in the appropriate array. If report level 09 is used, there is data output as each card is read. Report A is produced if the reporting level is 05 or more. Subsequently, each iteration performs the computations, and, if the reporting level is 03, report C for that iteration is printed. After the number of iterations given in the control record have been processed, a report C is produced for the last iteration. As the report is being produced, summary records are written to the summary file.

OPERATION OF PROGRAM IIM002

Program IIM002 summarizes data from intermediate summary files produced by program IIM001. The program reads the control file, which includes the control record and the 24 description records providing descriptive text for the regions, occupational categories, and country groups. The format of the control record follows.

Control Record Format, Program IIM002

<u>Field</u>	<u>Value</u>
1 - 6	Record identifier IIM002
7 - 9	Not used
10 - 15	Date in American National Standard YYMMDD Format
16	Not used
17 - 32	Run description
33 - 36	Year of the base data
37 - 38	Reporting level
39 - 40	Base iteration (number of iterations skipped before producing summary reports)
41 - 42	Number of iterations (number of years summarized)
43 - 44	First summary file number (produced by IIM001)
45 - 46	Second summary file number
47 - 48	Third summary file number
49 - 50	Fourth summary file number
51 - 52	Fifth summary file number
53 - 54	Sixth summary file number
55 - 56	Seventh summary file number
57 - 58	Eighth summary file number

The heading data, run description, and year for the first printed iteration are obtained from the control record, as described for program IIM001. The description records are stored for use in report B.

The program reads each of the eight summary files if the file number is between 01 and 08 inclusive. The corresponding FORTRAN file number is equal to the file number from the control record plus 20. The data for the first number of iterations is skipped depending upon the base iteration number given in fields 39 and 40. A zero has valid meaning in that no iterations are to be skipped. Next, the program reads the 64 records produced for each iteration. The number of iterations which are read is determined by the value in fields 41 and 42. Because of the limits of array size, only eight iterations can be processed in one run. If more are needed, then the run should be repeated with a different base iteration. After the first summary file has been processed, the array maintains those values. The second through eighth files are read similarly and the values added to the array. After all the files have been read corresponding to valid file numbers in the control record, summary report B is printed for the number of iterations indicated in the control record and available in the matrix. As these are printed, column headings and descriptions are added and summary totals for each region are computed and printed.

A user should be careful to assure that each summary file is represented once and only once in the control record and that each summary file exists. It may be useful to check the total for a single region and occupational category across all country groups to verify that all files have been appropriately included.

INPUT DATA

Based on existing information and estimated probabilities, a certain amount of basic data is used by the model. These inputs are related to the illegal alien population estimated to be in the United States, estimates of additional immigration, and probabilities relating to regional flows. As research and data collection improves, the basic inputs should be updated to reflect improved information.

For each country group, the following basic data are provided:

- A distribution of the illegal migrant population assumed to be in the United States, by regions and occupational categories (RP).
- A distribution of new incoming illegal migrants into regions (TC).
- A distribution of new incoming illegal migrants into occupational categories (RD).
- The probability of movement of the illegal migrant population from one region to another (TR).
- The percent of illegal aliens, by occupational categories, estimated to displace legal U.S. workers (VD).
- The average annual gross income per employed illegal alien, by regions and occupational categories (VI).
- The average taxes paid per employed illegal alien, by regions and occupational categories (VT).
- The average annual cost of services provided to illegal aliens, by regions and occupational categories (VS).
- The average annual currency exported by illegal aliens, by regions and occupational categories (VC).
- The percent probabilities of the illegal aliens in the United States who would be apprehended, deported, and eventually returned and new illegal migrants who would try to come to the United States, be apprehended, and make subsequent attempts (ZC).

VARIABLE ASSIGNMENTS

The variable assignments used in the model are:

<u>Name</u>	<u>Size</u>	<u>Description</u>
DESCG	8,6	Country group descriptions, 24 characters (6 words)

<u>Name</u>	<u>Size</u>	<u>Description</u>
DESRE	8,6	Region descriptions, 24 characters
DESOC	8,6	Occupational category descriptions, 24 characters
RP	8,10	Population in region I, category J, and total illegal (9) and total legal (10) (if used) migrants
RD	8,8	Probability distribution of incoming population by category to region I, Category J. Row totals 1.0 unless there is attrition (deaths) or increases (births).
PTC	8,8	Transition probability from country group I to region J (a vector for country group I)
PTR	8,8	Probability of transition from region I to region J
CGF	8,8	Annual flow from country group I to region J
CGP	8,8	Probability prior undocumented migrants will return to the United States
XRPP	8,10	Prior population in region I, category J, and total illegal (9) and total legal (10) (if used) migrants
XRPI	8,10	New population in region I, category J, and total illegal (9) and total legal (10) (if used) migrants
XRPTOT	8,10	Total of prior and new population in region I, category J
FLOW	8,6	For country group I, the coefficients representing the following: <ul style="list-style-type: none"> 1--constant 2--percent of illegal migrants in the United States 3--percent of legal migrants in the United States 4--percent apprehended in the United States 5--percent apprehended inbound to United States

<u>Name</u>	<u>Size</u>	<u>Description</u>
		6--return rate of apprehended migrants
AGII	8,8	Average gross income per illegal alien in region I, category J
AGIU	8,8	Average gross income per U.S. citizen in region I, category J (not used in current version)
ATI	8,8	Average tax paid per illegal alien in region I, category J
ASS	8,8	Average cost of services used per illegal alien in region I, category J
AWD	8,8	Average number of legal workers displaced per illegal alien in region I, category J
ACI	8,8	Average currency exported from the U.S. per illegal alien in region I, category J
AIGNP	8,8	Average increment or decrement to gross national product per illegal alien per year in region I, category J (not used in current version)

MODEL COMPUTATIONS

The specific model computations begin with the illegal alien population estimates from a certain country group (RP). The steps of the computations and the formulas used in FORTRAN notation follow.

Steps 1 and 2. Illegal aliens are redistributed from one region to another (PTR). This transition probability matrix can be equal to one (i.e., all illegal aliens move from one region to another) or can be less than one representing a fraction of the population that would be lost due to emigration, death, or absorption. Upon entry into a region, a redistribution is made into occupational categories (RD).

$$\text{XRPI (I, J)} = \text{PTR (I, I)} * \text{XRPP (I, J)}$$

$$I = 1, 8 \quad J = 1, 8$$

$$\text{XRPI (J, K)} = (\text{PTR (I, J)} * \text{RD (J, K)} * \text{XRPP (J, 9)}) + \text{XRPI (J, K)}$$

$$I = 1, 8 \quad J = I + 1, 8 \quad K = 1, 8$$

and

$$I = 2, 8 \quad J = I - 1, 8 \quad K = 1, 8$$

Step 3. Determine the annual total in-bound illegal migrants as a percent of the total illegal alien population from that source country.

$$\text{TOTIB} = \text{FLOW (ICG, 1)} + (\text{FLOW (ICG, 2)} * \text{TOTI}) + (\text{FLOW (ICG, 3)} * \text{TOTL})$$

For country group ICG where TOTI is the total in-bound illegal aliens (XRPP (I, 9)) and TOTL is the total in-country legal aliens (XRPP (I, 10)). These are prior year totals.

Step 4. Determine the percent of illegal aliens in the United States who either voluntarily return or are apprehended and deported to the source countries.

$$\text{TOTAL} = \text{XRPI (I, J)} * \text{FLOW (ICG, 4)}$$

$$I = 1, 8 \quad J = I, 8$$

For country group ICG

Step 5. Adjust the current illegal alien population in each region for those leaving the United States before the in-bound illegal aliens arrive, giving a net illegal alien population. (Any policy alternative which increases apprehension and deportation in the interior and encourages return to the source country is represented in steps 4 and 5.)

$$\text{XRPI (I, J)} = (1 - \text{FLOW (ICG, 4)} * \text{XRPI (I, J)}) \underline{1/}$$

$$I = 1, 8 \quad J = 1, 8$$

For country group ICG

1/In the model an intermediate total T1 is used but is mathematically identical to this expression.

Steps 6 and 7. The number of in-bound illegal migrants is adjusted for the percent who are likely to be apprehended or stopped trying to enter. (This step is used to estimate the impact of a policy that would affect apprehension rates at or near the border.) Adjust the number of apprehended in-bound illegal aliens by those who subsequently reattempt to enter and succeed.

$$\text{TOTIB} = (((1 - \text{FLOW}(\text{ICG}, 5)) + (\text{FLOW}(\text{ICG}, 5)) * (\text{FLOW}(\text{ICG}, 6))) * (\text{TOTIB}) + (\text{TOTAH} * \text{FLOW}(\text{ICG}, 6)))$$

for country group ICG

Steps 8 and 9. Distribute the in-bound illegal migrants to regions (PTC) and to occupational categories within the regions (RD). Total the number of illegal aliens for each region.

$$\text{XRPI}(I, J) = \text{XRPI}(I, J) + (\text{TOTIB} * \text{PTC}(\text{ICG}, I) * \text{RD}(I, J))$$

Step 10. Multiply the number of illegal aliens by the input variables to derive the estimated amounts of currency exported, the number of legal workers displaced, the gross income earned by illegal aliens, the cost of services provided, and the amount of taxes collected. The net of services provided less taxes collected is computed. All population and dollar values are in millions.

$\text{XACI}(I, J) = \text{XRPI}(I, J) * \text{ACI}(I, J)$; and similarly for variables AWD, AIGNP, ASS, AGIU, AGII, and ATI. The X prefix variables are used for reporting and are not retained between iterations.

ADDITIONAL PROVISIONS IN THE MODEL

Several provisions in the model have not been explored in the initial stages. They include:

Projecting the number of new illegal aliens: FLOW (I,1) and FLOW (I,2) provide a linear estimate of the number of illegal aliens who attempt entry based on the number of illegal migrants already in the United States. FLOW (I,3) can be used to base the estimate on the legal immigrants, the total population, or any subpopulation whose number is

reported in RP (I,10) for each region. By changing the value in RP (I,10), the equation could be changed to represent other external values. Setting FLOW (I,2) to zero changes the results into simple linear form and omits the effect of the number of illegal migrants, which does change from one iteration to another.

Apprehension: The model divides apprehension into two types representing apprehension at the border (FLOW (I,5)) as a percent of in-bound illegal aliens, and apprehension within the United States (FLOW (I,4)) as a percent of illegal migrants in the United States. Because a percent of those apprehended attempt to reenter, a parameter (FLOW (I,6)) is used to represent successful reattempts. (If unsuccessful reattempts are included, the process becomes a series which would have to be estimated separately. These percentages represent the first approximation of the process or, if averages are used, expected values.) These three values of apprehension can be used to represent the basic policies--emphasis on border or in-country or both--available to enforcement agencies.

Attrition: The basic transition probability matrix assumes that everyone in a region remains in the region or moves to another. There are several reasons for attrition other than apprehension. These can include voluntary return, immigration to another country, or death. These can be represented by having a transition probability vector sum of less than 1.00.

Distribution of illegal migrants: The distribution of illegal migrants to regions and occupational categories is governed by the distribution of in-bound illegal migrants (PTC) and movement from region to region (PTR). The distribution to occupational categories is made upon entry by RD. Changing these probabilities represents different flows. As State or local laws are changed, economic conditions and job markets change or policies are adopted which change the incentive of an illegal migrant to move (or remain) and to make an occupational category shift. These probabilities can be appropriately changed. The shift into occupational categories is based on the incoming assignment if PTR (I,I) is zero; and if PTR (I,I) is not zero, upon the percent of illegal migrants reassigned.

Economic impact: The economic impact is estimated by using parameters representing average value per illegal migrant by region and by occupational category. Because of limited data, regional and occupational differences were not fully represented. This could be done by estimating the per illegal migrant values for each occupational category within each region. There are values in the model for comparison with legal residents to determine a net increment or decrement to gross national product. They could be used if the full economic impact of displacement were to be computed or if the net change in gross national product from the labor of an illegal migrant were to be estimated.



DEPARTMENT OF STATE

Washington, D.C. 20520

September 14, 1979

Mr. Joseph Delfico
Assistant Director
United States General
Accounting Office
441 "G" St., N.W.,
Room 5025
Washington, D.C. 20548

Dear Mr. Delfico:

This is to advise that the Department of State has no comments to make on the Draft of a Proposed Report: "Illegal Aliens in the United States: A framework for Analysis of Impact."

Sincerely yours,

Daniel L. Quaid, Jr.
Daniel L. Quaid, Jr.
Director
GAO Liaison Officer



UNITED STATES DEPARTMENT OF JUSTICE

WASHINGTON, D.C. 20530

Address Reply to the
Division Indicated
and Refer to Initials and Number

OCT 11 1979

Mr. Allen R. Voss
Director
General Government Division
United States General Accounting Office
Washington, D.C. 20548

Dear Mr. Voss:

This letter is in response to your request for comments on the draft report entitled "Illegal Aliens In The United States: A Framework For Analysis Of Impact."

The Department of Justice (Department) agrees that there are conflicting points of view as to the undocumented alien's role in the United States. We are somewhat reluctant, however, to endorse the General Accounting Office's (GAO) assessment of the undocumented alien population and its role in the United States until some points of the report have been clarified. In developing its assessment, we believe GAO should have clearly identified all sources, assumptions, and projections which led to the conclusions set forth in the report. (See GAO note 1.)

In Chapter 2, the GAO report bases the undocumented alien population on the number of deportable aliens located in the United States and applies the trends of deportable aliens to the entire undocumented alien population. The Department believes it is inaccurate to assume that all of the characteristics of the deportable aliens apply to the entire undocumented alien population. Apprehension of undocumented aliens is a somewhat selective rather than random process because it is a function of Immigration and Naturalization Service (INS) enforcement procedures, policies, and practices. Further, a change in the number of deportable aliens does not indicate a concomitant change in the total undocumented alien population. Many factors, including the availability of personnel and funds, determine the number of apprehensions in a year. The Department is unaware of any reliable data on the total undocumented alien population residing in the United States. The only existent data relates to the undocumented aliens that are apprehended. The Department believes the limitations of this data should be clearly delineated in the report before it is applied to the total undocumented alien population. (See GAO note 2.)

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Throughout the report various types of data are tabulated. The Department is apprehensive as to the validity of this data because the sources are not identified. We do not know whether the data is based on the apprehensions of undocumented aliens, interviews with individuals who have resided in the United States, or other sources. We believe that this data and the procedures used to obtain or project the data should be clearly identified in the report. Moreover, GAO does not critically assess the reliability of data from other studies of undocumented aliens, but uses the data as fact. We believe that the limitations of this data, too, should be clearly identified. In our opinion, a comprehensive bibliography would greatly enhance the report and satisfy some of our apprehensions. (See GAO note 3.)

The Department also discounts the authenticity of the New York City Department of Planning study mentioned on page 2-29 of the draft report. INS staff and others disagree with its methodological design. Here again, we believe its limitations should be qualified. (See GAO note 4.)

On pages 2-30 and 2-31 of the report, the discussion of the costs to local communities of having large Hispanic populations muddles the distinction between illegal residents, legal immigrants, and Mexican-Americans. The tone of this section is most unfortunate. (See GAO note 5.)

In Chapter 4, the use of enforcement practices to "prevent" illegal entry is discussed. Various efforts which can be introduced, such as employer sanctions and increases in INS enforcement capabilities, will restrict illegal entry. However, enforcement measures alone cannot prevent illegal entry. Prevention requires addressing the sources of the problem, and many of these sources may be within the emigrating country. (See GAO note 6.)

The Department disagrees with the estimate on page 5-6 of a "total average annual illegal alien population of 6 million." Based on data available to INS, an estimate of 4 million is more accurate. (See GAO note 7.)

GAO has used a very narrow base of sources for data concerning the employment and earnings of undocumented aliens. There are additional studies which should be utilized as sources on this subject. We encourage GAO to review these studies before making a definitive assessment of the employment and earnings of undocumented aliens. Again, the source of the data on the employment of undocumented aliens should be identified, and assumptions made in determining the displacement factors should be delineated. (See GAO note 8.)

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Since reliable data is inexistent on the extent to which social services are used by undocumented aliens, GAO should explain how the "estimates" of the percentages of the population using the programs were determined. Again, without an appropriate explanation, a reader can be misinformed as to the validity of the data presented. (See GAO note 9.)

In Chapter 5, GAO discusses the amount of currency undocumented aliens take or send out of the United States. The factors of human capital import and its benefits to the United States are not included in this discussion. We believe assumptions about the output, national income, and consumer prices are significant factors which should be considered in the "benefits" equation to provide a balanced insight to undocumented immigration. (See GAO note 10.)

In the model developed by GAO, an assumption was made concerning interior apprehensions versus apprehensions upon entry to the United States. Interior apprehensions represent individuals residing in the United States. These apprehensions are based upon the number of deportable aliens located as a result of investigations activities of the INS. With respect to the United States Border Patrol (USBP), certain of their activities go beyond the apprehension of undocumented aliens at the border and are akin to "interior" apprehensions. For example, farm and ranch checks made by the USBP primarily constitute apprehensions of undocumented aliens working in the United States. In addition, USBP sectors are located in areas that are not contiguous to a land border. As a result, for example, the majority of the apprehensions within the Miami, New Orleans, and Livermore sectors resemble interior apprehensions rather than apprehensions upon entry. Therefore, the figure stated in the report--150,000 undocumented aliens apprehended while residing in the United States-- is an extremely conservative figure. The number and percentage of undocumented aliens apprehended while residing in the United States should be recalculated to include the other pertinent apprehensions. (See GAO note 11.)

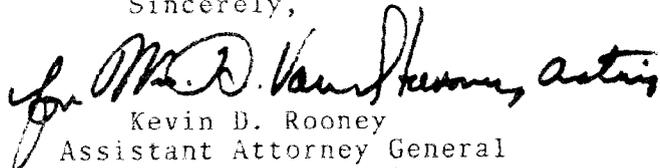
GAO does not discuss emigration as a component of population change. When developing estimates of the size of a population, the emigration factor must be considered. With respect to Mexican undocumented immigration, evidence indicates there is a substantial amount of emigration. According to migration theory, for every migration stream there is a counterstream. The model should take account of this flow and counterflow in order to realistically depict the situation regarding undocumented immigration. (See GAO note 12.)

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In general, the model derives probabilities from very soft data to reach conclusions about the impacts of the undocumented alien population in the United States. We do not concur with the recommendation that this framework be used to assess immigration policy options. We believe the hypothetical data is conjectural and cannot produce realistic results. In our opinion, estimates can be derived from better data and through the use of better analytical models. The report has no description of the variability of the estimates, i.e., the standard error or the coefficients of variance of the estimates. Without these descriptive statistics, an acceptable assessment of the estimates cannot be made. Management must recognize that there is a range of variability within the data that are being used as a basis for making policy decisions. Studies are in progress which are based on highly developed analytical and theoretical frameworks, such as the labor displacement study undertaken by the INS. These studies should yield better data which can provide a sound basis for making policy decisions. When these studies are completed, the Department will be pleased to make them available to GAO. In summary, we would hope to see major revisions in GAO's analytical framework before it is used for policymaking. (See GAO note 13.)

We appreciate the opportunity to comment on the draft report. Should you desire any additional information, please feel free to contact us.

Sincerely,


Kevin D. Rooney
Assistant Attorney General
for Administration

GAO notes:

1. Our report does not endorse a specific assessment of the undocumented alien population and its role in the United States. The report does, however, present a framework for analyzing certain aspects of the impact of this population and for identifying the types of data required to do so.

We have reviewed the report to ascertain that all the sources for the assumptions and projections are identified.

2. Chapter 2 presents a synthesis of the available literature on the subject of illegal migration. We agree with the Department of Justice's own statement that "The Department is unaware of any reliable data on the total undocumented population residing in the United States * * *. The only existent data relates to the undocumented aliens that are apprehended." Therefore, most of the information in chapter 2 pertains to aliens who are apprehended and not the entire illegal alien population.

Chapters 5 and 6 discuss the specific assumptions used in the model to predict impact. In estimating impact, not necessarily all and/or the same information reported in chapter 2 is used. When more reliable data does become available, however, the model assumptions and inputs can be updated to incorporate them.

3. As repeatedly stated in the report, the information currently in existence on the undocumented alien population is often scanty; its reliability is sometimes questionable; research and data collection tends to concentrate on certain issues, thereby ignoring others; and research designs and sampling techniques may vary significantly from one study to another. Chapters 5 and 6 particularly include these qualifiers.

In addition, the purpose of the report was not to provide a critical assessment of the reliability and validity of available data sources; its objective was to develop a framework "* * *" so that a dialog can be started about specific data needs. As future research improves the inputs and assumptions to the model, the model's outputs of estimated impact will likewise improve. We have detailed our assumptions

and designed our model so that inputs can be updated as additional, improved information becomes available." Also we have rereviewed the report to make sure that the data sources used have been noted, and we have added a bibliography.

4. The discussion relating to the New York City Department of Planning report has been compressed in the synthesis chapter (ch. 2) in response to the Department's concern with the study's methodology.
5. The discussion of border issues has been clarified.
6. We agree that enforcement measures alone cannot prevent illegal entry. Chapter 2 introduces the notion of "push" factors (such as high unemployment, low wages, and poor working conditions) in the source countries and suggests that improving conditions there may reduce illegal entry. Chapter 3, "Mexico as a Contributor to Illegal Migration," also addresses the subject of emigrating countries. As the first paragraph of the chapter states: "In many ways Mexico's economic situation resembles that of other countries where illegal migration to the United States is great."

In addition, we have modified the introduction to chapter 4 to clarify the fact that chapter 3 deals with emigrating countries while chapter 4 discusses the problems of enforcement.

7. Page 5-6 of the report draft states: "In the base year (1976), we estimated a total average annual illegal alien population of 6 million. (This figure appeared to be most frequently used in the literature and by INS)."

To quote a report of the House Committee on the Judiciary, "Since 1973, the estimates of the Immigration and Naturalization Service have varied from just over 1 million to as high as 12 million * * *. In late 1976, the INS estimate of the illegal alien population was 6-8 million." Former Commissioner Chapman used an estimate of 6 million in 1976. A November 1976 special and irregular publication of INS estimated the total illegal alien population at 6,036,500. Former Commissioner Leonel Castillo has said, however, that INS no longer makes official estimates of the number of illegal migrants.

When we contacted INS representatives to obtain more recent data, we were told that INS still had no official estimates. They gave us their summary of recent research on the size of the undocumented population in the United States. These research efforts include the following estimates:

--A study by J. Gregory Robinson concludes that "the approximate size of the illegal white male population (ages 20 to 44) in the 10-state area in 1975 was on the order of 3 or 4 million or less."

--A study by Clarise Lancaster and Frederick J. Scheuren estimated the undocumented population 18 to 44 years of age to be 3.9 million in March 1973, with a subjective 68-percent confidence interval ranging from 2.9 million to 5.7 million.

Both studies indicate that the total undocumented alien population in 1976 (including all age groups and races in the United States as a whole) may possibly equal 6 million. However, until better data becomes available, a base population size of either 4 million or 6 million can give us estimates as to trends and orders of magnitude.

8. We have tried to use the available information on employment, wages, and displacement and to identify the sources of these data. We contacted INS to obtain additional studies which we could use and were informed that it had a study on job displacement underway. When the study is completed, the updated information can be incorporated in the model and estimates revised.

Further, the report points out (in ch. 5) that no estimates seem to be available that specify the extent of displacement, if any. However, to begin a dialog of what displacement may be occurring, we tested several assumptions ranging from 0 to 100 percent for the base year 1976. Because of the particular softness of the data, we did not project job displacement under either the status quo or amnesty alternatives.

9. We agree that reliable data is nonexistent on the extent to which social services are used by undocumented aliens. Some researchers have attempted to estimate the percent of illegal aliens who receive social services. These studies are discussed in

chapter 2 (the ch. dealing with a synthesis of the literature). These percent estimates are not used in the analysis of impact, however.

As stated in chapter 5, "The amount of government-support benefits that illegal aliens receive is probably the most difficult estimate in the model. While various researchers address the percent of illegal aliens receiving social services or the total program dollars spent in any one locale or year, we have not found any per person estimate of Federal, State, and local expenditures for services." At this point, the report describes the method used for deriving the estimates.

10. The INS representatives with whom we met agreed that we discussed this point in the report, but INS wished to reiterate it.

Our model can estimate the impact of illegal aliens on the gross national product. We have not explored this variable yet, however, due to a lack of available data or research. The INS representatives were not aware of any such data either.

11. The INS representatives gave us information on U.S. Border Patrol apprehensions in the interior, which we used to revise our estimates.
12. Our report does take into account emigration as a component of population change. In projecting the number of illegal aliens in future years, for example, we made assumptions regarding the percent of people who would be apprehended at the border or in the interior. Under amnesty, we included one set of alternatives that assumed that many deportable illegal aliens may leave the interior due, in part, to effective employer sanctions legislation. In projecting a total annual growth rate, we likewise took into account the estimates in the literature of net annual flow.
13. We have repeatedly reiterated that the data is very often only estimates and improved research is needed. The framework has been developed so that particular information needs can be more readily identified. In addition, the estimates derived from the model can be used to depict trends and orders of magnitude (as, for example, the impact of illegal aliens with and without the granting of amnesty). As future data

becomes available (and, in particular, as the two studies INS has underway--the labor displacement and estimate of Mexican illegal aliens in the United States--are completed), the inputs to the model can be revised and the estimates of economic impact can be updated.

We agree that the model and its inputs can be improved. In the meantime, however, it can be used to begin a dialog regarding particular issues eventually needing resolution by decisionmakers.

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